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## BACK TO SCHOOL TAX FREE HOLIDAY

Year 2015 Issue #9

On Monday, June 1, 2015 the Secretary of the Treasury issued Circular Letter 15-07 with the purpose of informing the period of the Back-to-School Tax Free Holiday for the fiscal year 2015-2016.

For July 2015, the Tax Free Holiday will begin on **Friday, July 17 at 12:01 a.m. and will be in effect until Saturday, July 18 at 12:00 a.m.** The Back-to-School Tax Free Holiday is a two day period where retailers are allowed to sell uniforms and school supplies without charging the sales & use tax.

Section 4030.20(c)(1) defines uniforms as clothing specifically required by a school and that has no other general uses. Also, the section states that the following items, among others, are **not** uniforms:

- Belt buckles sold separately
- Costume masks sold separately
- Badges or emblems sold separately, except if they are part of the scholar uniform
- Sewing equipment and articles, including but not limited to, knitting needles, patterns, pins, scissors, sewing machines, sewing needles, measuring tapes and thimbles
- Sewing materials that are or become part of clothing including but not limited to, buttons, fabric, lace, thread, yarn and zippers
- Cloth accessories. For example, suitcases; cosmetics; bows; ties; purses; jewelry; sunglasses without prescription; wallets; watches and wigs.

Furthermore, Section 4030.20(c)(2) includes the following articles, among others, as school materials:

- Folders
- School bag
- Calculator
- Adhesive tape
- Chalk
- Compass
- Eraser
- Glue

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## BACK TO SCHOOL TAX FREE HOLIDAY (CONTINUED)

In case of the text books, they are **free of sales & use tax all year long** if they are listed as required in a official school or college book list.

When the sale is made under a Lay Away Plan, the articles sold qualify for this exemption only if the final payment is made during the Tax Free Holiday or when the article is delivered to the purchaser during the Tax Free Holiday.

If the customer uses a Rain Check to buy an article, it qualifies for the exemption only if the Rain Check is used during the Tax Free Holiday. A Rain Check issued during the Tax Free Holiday does not make the article exempt if it is bought outside the Tax Free Holiday. The same applies to Gift Cards and Certificates.

Purchases made by mail, phone, e-mail or internet, qualify for the exemption if the article is **paid by and delivered to the purchaser** during the Tax Free Holiday.



Please contact us here at RSM where we are prepared and committed to answer all your inquiries related to these new rules.

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