

Office/Contact: Accounts Payable Office

Source: SDBOR Accounting Policies & Procedures Manual

Link: <http://mytraining.sdbor.edu/resources/banner/Finance/AccountingPoliciesAugust2012.pdf>

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**SOUTH DAKOTA STATE UNIVERSITY**  
**Policy and Procedure Manual**

SUBJECT: Goods or Services Sold to the General Public

NUMBER: 5:24

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1. Purpose

This policy and its procedures set forth the guidelines for departments to follow when selling goods or services to the general public at the University.

2. Policy

- a. The sale of goods or services must be consistent with the University's mission and the normal activities of the college or department.
- b. The general public may not be charged at a rate less than that charged to internal users, but they may be charged at a higher rate.
- c. When selling goods or services to the general public, individuals are required to follow the procedures set forth before purposes), a Cash Index (336xxx) and Account Code (755018) should be used paying the vendor for the goods.
- b. Any funds collected from the sale of the goods-e goooo oBs-oo[dTJ 40C(/)eosseh go[dTJ 40C(/)e[ mn to a University entity) or by a Direct Pay document (if to a non-University entity). To

deposit should be attached.

- i. If sales are made for awareness purposes only and not for a fundraiser, this step should be excluded, and the appropriate revenue Account Code for the items sold should be used (e.g. for clothing sales, use 500634). The fundraising revenue account code 500687 cannot be used for awareness purposes.
  - d. Sales to the general public under this policy are subject to sales tax. Options for collecting sales tax are as follows:
    - i. Pay the sales tax directly to the initial vendor at the time the goods are purchased. This will slightly understate the sales tax collection, as sales tax is normally on the sales price which is marked up from cost. However, if it is a one-time fundraiser, this will be allowed.
    - ii. Include the sales tax in the sale price of the item (sale price includes tax).
    - iii. Add the correct amount of tax to the sale price of the item and collect from customers.
  - e. Sales tax collected must be remitted to the South Dakota Department of Revenue.
    - i. Departments who have a resale license and remit sales to the Department of Revenue should add these sales and remit the correct amount of tax.
    - ii. Departments who do not have their own license should submit a report of their total gross receipts and the amount of sales tax collected to the Accounts Payable Office by the fifth (5<sup>th</sup>) of the following month.
4. Responsible Administrator

The Vice President for Finance and Business, or designee, is responsible for the annual and ad hoc review of this policy and its procedures. The University President is responsible for approval of this policy.

SOURCE: Approved by President on 04/15/2016.