

Date Issues: March 1, 2016  
Georgia Letter Ruling: LR SUT-2016-06  
Topic: Government Purchases

This letter is in response to your request for guidance on the application of Georgia's sales and use tax to certain sales of textbooks by [Redacted] College.

### **Facts Presented by Taxpayer**

Each semester, the College invoices the Department of Veteran's Affairs ("V.A.") for textbooks received by eligible students at the College bookstore. The College receives payment for these sales directly from the V.A.

### **Issue**

Is the transaction described above subject to sales and use tax?

### **Analysis**

Pursuant to Georgia law, sales tax is levied and imposed upon the retail purchase, retail sale, rental, storage, use, or consumption of tangible personal property and on certain enumerated services that occur in this state.<sup>1</sup> All retail purchases and sales of tangible personal property are taxable unless provided for otherwise.<sup>2</sup> Here, "retail sale" or a "sale at retail" means a sale to a consumer or to any person for any purpose other than for resale of tangible personal property or certain services.<sup>3</sup> Because the transactions in this case do not involve the resale of tangible personal property or services, the textbooks sold by the College constitute retail sales and are therefore subject to the tax unless otherwise exempt.

An exemption from sales and use tax is provided for "[s]ales to the United States government, this state, any county or municipality of this state, or any bona fide department of such governments when paid for directly to the seller by warrant on appropriated government funds." O.C.G.A. § 48-8-3(1). The sale of the textbooks is exempt under O.C.G.A. § 48-8-3(1) because the V.A. directly pays the College for the textbooks.<sup>4</sup>

### **Ruling**

The sale of textbooks is exempt when the V.A. directly pays the College for textbooks received by eligible students at the College bookstore.

The opinions expressed in this ruling are based upon the information contained in your request and limited to the specific transactions, facts, circumstances, and taxpayer in question. Should the circumstances regarding the transactions change or differ materially from those represented, this ruling may become invalid. Subsequent statutory or administrative rule changes or judicial interpretations of the statutes or rules upon which this ruling is based may subject similar future transactions to different tax treatment than that expressed in this ruling.

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<sup>1</sup> O.C.G.A. § 48-8-30.

<sup>2</sup> O.C.G.A. §§ 48-8-1 and 48-8-30(b).

<sup>3</sup> O.C.G.A. § 48-8-2(31).

<sup>4</sup> Note that if a student pays the College for the textbooks, the sale is taxable even if the V.A. subsequently reimburses the student.