

Texas Sales Tax Holiday
August 2017
BACK TO SCHOOL

Summary

General Overview:

- The sales tax holiday will start on **Friday, August 11, 2017** at 12:01 a.m. and end on **Sunday, August 13, 2017** at midnight.
- The holiday exempts most **school supplies, backpacks, clothing** and **footwear** from sales and use taxes.
- The holiday will provide sales tax relief (no tax due) from all state and local sales or use taxes.
- Additional information regarding the holiday can be found at:
<http://comptroller.texas.gov/taxes/>

School Supplies Exemption:

The exemption applies to most school supplies priced at **less than \$100** purchased for use by a student in an elementary or secondary school.

Backpacks Exemption:

The exemption applies to each eligible item that sells for **less than \$100** sold for use by elementary and secondary students.

A backpack is defined as a pack with straps one wears on the back. The exemption includes backpacks with wheels, provided they can also be worn on the back like a traditional backpack, and messenger bags.

The exemption does not include items that are reasonably defined as luggage, briefcases, athletic/duffle/gym bags, computer bags, or framed backpacks.

Ten or fewer backpacks can be purchased tax-free at one time without providing an exemption certificate to the seller.

Clothing and Footwear Exemption:

The exemption applies to each eligible item that sells for **less than \$100**.

Clothing or footwear is defined as an article of apparel designed for wear on or about the human body. The term does not include accessories, such as jewelry, handbags, purses, briefcases, luggage, wallets, watches, and similar items.

The exemption also does not apply to sales of special clothing or footwear primarily designed for athletic activity or protective use and that is not normally worn except when used for the athletic activity or protective use. Tennis shoes, jogging suits, and swimsuits are commonly worn for purposes other than athletic activity and thus qualify for the exemption.

LIST OF QUALIFYING ITEMS

School Supplies (all-inclusive list)

- Binders
- Book bags
- Calculators
- Cellophane tape
- Blackboard chalk
- Compasses
- Composition books
- Crayons
- Erasers
- Folders; expandable, pocket, plastic, and manila
- Glue, paste and paste sticks
- Highlighters
- Index cards
- Index card boxes
- Legal pads
- Lunch boxes
- Markers (including dry erase markers)
- Notebooks
- Paper; loose leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper
- Pencil boxes and other school supply boxes
- Pencil sharpeners
- Pencils
- Pens
- Protractors
- Rulers
- Scissors
- Writing tablets

Exempt Clothing, Footwear and Other Items

- Adult diapers
- Aprons (household)
- Athletic socks

- Baby bibs
- Baby clothes
- Baby diapers (cloth or disposable)
- Baseball caps
- Baseball jerseys
- Belts with attached buckles
- Blouses
- Boots (general purpose)
- Bow ties
- Bowling shirts
- Bras
- Camp clothes
- Caps (baseball, fishing, golf)
- Chef uniforms
- Children's novelty costumes
- Clerical vestments
- Coats and wraps
- Coveralls
- Diapers (cloth and disposable)
- Dresses
- Earmuffs (cold weather)
- Employee uniforms (unless rented)
- Fishing caps
- Fishing vests (non-flotation)
- Football jerseys
- Gloves (generally)
- Golf caps
- Golf dresses
- Golf jackets and windbreakers
- Golf shirts
- Golf skirts
- Graduation caps and gowns
- Gym suits and uniforms
- Hats
- Hooded shirts and hooded sweatshirts
- Hosiery, including support hosiery
- Hunting vests
- Jackets
- Jeans
- Jogging apparel
- Knitted caps or hats
- Leg warmers
- Leotards and tights
- Mask, costume
- Neckwear and ties

- Nightgowns and nightshirts
- Painter pants
- Pajamas
- Pants
- Panty hose
- Raincoats and ponchos
- Rain hats
- Religious clothing
- Robes
- Safety shoes (adaptable for street wear)
- Scarves
- Scout uniforms
- Shawls and wraps
- Shirts
- Shirts (hooded)
- Shoes (generally)
- Shorts
- Skirts
- Sleepwear, nightgowns, pajamas
- Slippers
- Slips
- Soccer socks
- Socks
- Suits, slacks, and jackets
- Support hosiery
- Suspenders
- Sweatshirts
- Sweat suits
- Sweaters
- Swimsuits
- Tennis accessories
- Ties (neckties – all)
- Tights
- Trousers
- Underclothes
- Underpants
- Undershirts
- Uniforms
- Veils
- Vests (generally)
- Work clothes
- Work uniforms
- Workout clothes

Guidelines:

Threshold – The exemption applies to each eligible item that sells for less than \$100, regardless of how many items are sold on the same invoice to a customer. The exemption does not apply to the first \$99.99 of an otherwise eligible item that sells for more than \$99.99.

Articles Normally Sold as a Unit – Articles that are normally sold as a unit must continue to be sold in that manner. They cannot be priced separately and sold as individual items in order to obtain the exemption. However, components that are normally priced as separate articles may continue to be sold as separate articles and qualify for the exemption if the price of an article is less than \$100.

Sales of Pre-Packaged Combinations containing both Exempt and Taxable Items – When an eligible item is sold together with taxable merchandise in a pre-packaged combination or single unit and the predominant cost of the set or unit is taxable, then the full price is subject to sales tax unless the price of the eligible item is separately stated.

When an eligible item is sold in a pre-packaged combination that also contains taxable merchandise as a free gift and no additional charge is made for the gift, the eligible item may qualify for the exemption. Note: When a retailer gives an item away free of charge, the retailer owes sales or use tax on the purchase price that the retailer paid for the item.

Discounts and Coupons – A retailer may offer discounts to reduce the sales price of an item. If the discount reduces the sales price of an item to \$99.99 or less, the item may qualify for the exemption.

When retailers accept coupons as a part of the sales price of any taxable item, the value of the coupon is excluded from the tax as a cash discount, regardless of whether the retailer is reimbursed of the amount that the coupon represents. Therefore, a coupon can be used to reduce the sales price of an item to \$99.99 or less in order to qualify for the exemption.

Buy One, Get One Free or for a Reduced Price – The total price of items that are advertised as “buy one, get one free” or “buy one, get one for a reduced price” cannot be averaged in order for both items to qualify for the exemption.

Rebates – Rebates occur after the sale and do not affect the sales price of an item purchased.

Exchanges – If a customer purchases an eligible item during the exemption period, but later exchanges the item for an item of a different size, color, or other feature, no additional tax is due even if the exchange is made after the exemption period.

If a customer purchases an eligible item during the exemption period, but after the exemption period has ended, the customer returns the item and receives credit on the purchase of a different item, sales tax is due on the sale of the newly purchased item.

If a customer purchases an eligible item before the exemption period, but during the exemption period the customer returns the item and receives credit on the purchase of a different eligible

item, no sales tax is due on the sale of the new item if the new item is purchased during the exemption period.

Returned Merchandise – For a 30-day period after the temporary exemption period, when a customer returns an item that would qualify for the exemption, no credit for or refund of sales tax shall be given unless the customer provides a receipt or invoice that shows tax was paid, or the retailer has sufficient documentation to show that tax was paid on the specific item. The 30-day period is set solely for the purpose of designating a time period during which the customer must provide documentation that shows that sales tax was paid on returned merchandise. The 30-day period is not intended to change a retailer's policy on the time period during which the retailer will accept returns.

Mail, Telephone, E-mail, Internet Orders and Custom Orders – An eligible item may qualify for this exemption if:

The item is both delivered to and paid for by the customer during the exemption period; or

The customer orders and pays for the item and the retailer accepts the order during the exemption period for immediate shipment, even if delivery is made after the exemption period. The retailer accepts an order when the retailer has taken action to fill the order for immediate shipment. Actions to fill an order include placement of an "in date" stamp on a mail order, or assignment of an "order number" to a telephone order. An order is for immediate shipment when the customer does not request delayed shipment. An order is for immediate shipment notwithstanding that the shipment may be delayed because of a backlog of orders or because stock is currently unavailable to, or on back order by, the company.

Shipping and Handling Charges – Shipping and handling charges are included as part of the sales price of an eligible item, regardless of whether the charges are separately stated.

If multiple items are shipped on a single invoice, the shipping and handling charge must be proportionately allocated to each item ordered, and separately identified on the invoice, to determine if any items qualify for the exemption.

If the shipping and handling charge is a flat rate per package and the amount charged is the same regardless of how many items are included in the package, for purposes of the exemption, the total charge can be attributed to one of the items in the package rather than proportionately and separately allocated between the items.