

February 21, 2014

Ms. Cynthia Chalmers Davis, MBA, CTP
Section Manager, HUB Program, Tax & Reporting
Texas Tech University Procurement Services
Drane Hall Room #351, MS@1094
cynthia.davis@ttu.edu

Re: AWM #140520038, Alcohol Sales Tax Exemption

Dear Ms. Davis:

Thank you for your inquiry regarding exemptions for mixed beverage sales tax. It was a pleasure to speak with you this afternoon.

As we discussed, your request is a general information response under the requirements of Rule 3.1, regarding private letter rulings and general information letters. According to Rule 3.1, general information letters do not provide a basis for detrimental reliance.

Our policy on exemptions will be provided in Rule 3.1002 Mixed Beverage Sales Tax, which will be available in the future. In the meantime, the new law provides that mixed beverage sales tax is to be administered, collected and enforced in the same manner as sales and use tax is administered, collected and enforced, so the policy will follow our current policy on sales and use tax exemptions for the purchase and sale of alcohol.

Nonprofit organizations that qualify for exemption from sales and use tax under [Tax Code Section 151.310](#) are exempt on the purchase of a taxable item that relates to the purpose of the organization. Longstanding Comptroller policy is that the purchase of alcohol normally does not relate to the purpose of the exempted organization. These nonprofit organizations, therefore, cannot claim exemption from mixed beverage sales tax on the purchase of alcoholic beverages. The sale of alcoholic beverages by these organizations when sold during a qualifying tax-free fundraising sale or auction, however, is exempt.

Government agencies, on the other hand, are different. [Tax Code Section 151.309](#) exempts federal and Texas state and local government entities when purchasing any item, so these government entities can claim an exemption from mixed beverage sales tax on the purchase of alcoholic beverages. As you know, Texas universities and colleges, such as Texas Tech University, are considered state agencies for sales tax purposes. Payment by a state-issued travel procurement card is a direct payment by the agency.

To sell alcoholic beverages, the exempt organization must have the appropriate permit from the Texas Alcoholic Beverage Commission authorizing the sale of alcoholic beverages. The law does not provide any exemptions for mixed beverage gross receipts tax.

Attached for your information is a copy of the sales tax exemptions referenced above. Links to the legislation regarding these changes, as well as, forms, examples of receipts and other resources can be found on our [mixed beverage gross receipts tax](#) and [mixed beverage sales tax](#) sections of our website. Additional Texas tax information, including links to individual tax Web pages, statutes, rules, publications and frequently asked questions, can be found on our Texas Taxes Web page at: <http://window.state.tx.us/taxes/index.html>.

For more information on the requirements for private letter ruling requests, please see Rule 3.1, Private Letter Rulings and General Information Letters, which is available from our website, along with other helpful information, at <http://window.state.tx.us/taxinfo/letters31.html>.

If you have any questions or need further direction, please contact our Tax Assistance section at 1-800-252-5555 or submit your questions online at: <https://www.window.state.tx.us/taxhelp/>.

Sincerely,

Donald S. Dillard
Tax Policy Division
Texas Comptroller of Public Accounts

cc: Ms. Kay Wall