

ARIZONA DEPARTMENT OF REVENUE

ARIZONA TRANSACTION PRIVILEGE TAX RULING

TPR 93-24

(Note: on 9/2/2020, the statute references were updated to show their new numbers. See footnotes for details. No substantive changes were made.)

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

ISSUE:

Sales of food by a state university to students using a validated meal ticket.

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 42-5008¹ levies the transaction privilege tax upon **persons** conducting business under any of several classifications in Arizona.

A.R.S. § 42-5001(8)² includes "this state" and other political subdivisions within its definition of a "person."

A.R.S. § 42-5074³ provides that the restaurant classification is comprised of the business of operating restaurants, dining cars, dining rooms,

¹ This ruling originally cited A.R.S. § 42-1306 which has been renumbered as A.R.S. § 42-5008.

² This ruling originally cited A.R.S. § 42-1301.8 which has been renumbered as A.R.S. § 42-5001(8).

³ This ruling originally cited A.R.S. § 42-1310.14 which has been renumbered as A.R.S. § 42-5074.

lunchrooms, lunch stands, soda fountains, catering services or similar establishments where articles of food or drink are sold for consumption on or off the premises.

A.R.S. § 42-5102(B)⁴ provides that transaction privilege taxes do not apply to the gross proceeds of sales or gross income from sales of food by a state university or community college or its designee on its campuses to students using a validated meal ticket.

DISCUSSION:

State universities and community colleges sell meal tickets to their students. These "validated meal tickets" are used to purchase food at the schools' cafeterias and other designated on-campus facilities which operate under the restaurant classification. A.R.S. § 42-5102(B)⁵ provides an exemption from the transaction privilege tax for taxable purchases of food on the campuses of state universities and community colleges, by students using a validated meal ticket.

RULING:

The gross proceeds of sales or gross income from **on-campus** sales of food to students using a validated meal ticket, may be deducted from the tax base by a state university, a community college, or designated vendors which are authorized by the school to accept validated meal tickets. These proceeds are exempt from the transaction privilege tax.

Harold Scott, Director

Signed April 16, 1993

Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law which are not adequately covered in statute, case

⁴ This ruling originally cited A.R.S. § 42-1382.B which has been renumbered as A.R.S. § 42-5102(B).

⁵ See footnote 4.

law or administrative rules. A tax ruling is a position statement which provides interpretation, details or supplementary information concerning the application of the law. **Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling.** See GTP 92-1 for more detailed information regarding documents issued by the Department of Revenue.