



Reporting Sales Tax– OSBM Administered Grants

NC Office of State Budget and Management
January 28, 2025



Sales Tax Decision Model

Are you eligible for tax exemption?

No

Report full vendor amount including sales tax paid with grant funds. Report \$0.00 in sales tax field.

Yes

Did you use grant funds to pay the whole bill or invoice?

No

Report subtotal amount paid with grant funds without sales tax. Report \$0.00 in sales tax field.

Yes

Do you have a cash flow or other issue requiring you to wait for reimbursement of sales tax paid to return to grant restricted fund?

No

Report full vendor amount including sales tax paid with grant funds. Report sales tax amount in sales tax field.

Yes

Report full vendor amount including sales tax paid with grant funds. Report \$0.00 in sales tax field.

THEN

Report reimbursed sales tax once it is received



Sales Tax Choice Model

If you are eligible for tax exemption, you may not charge sales tax to the grant without requesting a reimbursement from the State.

Are you eligible for tax exemption?
Examples: Non-Profit, 501c3, or
Local Government

No

Report full vendor amount including sales tax paid with grant funds. Report \$0.00 in sales tax field.

Yes
(you have 3 options)

1. Report full vendor amount including sales tax in vendor amount field. Report sales tax amount in sales tax field.

2. Report vendor amount excluding sales tax (subtotal) in vendor amount field. Report \$0.00 in sales tax field.

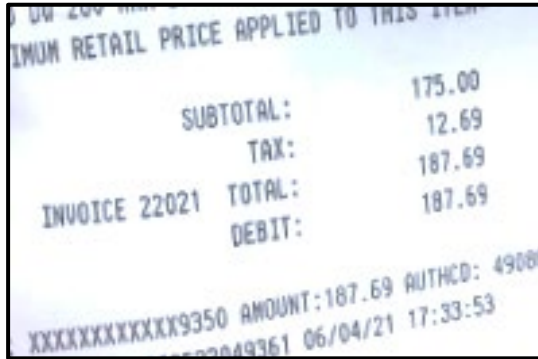
3. Report full vendor amount including sales tax paid with grant funds in vendor amount field. Report \$0.00 in sales tax field.

THEN

Report reimbursed sales tax once it is received



Sales Tax Examples with a Single Receipt



Tax Exempt Option #1 Sales Tax Paid with Grant Funds; Covered by Future Expenses

Report full vendor amount including sales tax in vendor amount field. Report sales tax amount in sales tax field.

Vendor Total Amount	Sales Tax
\$187.69	\$12.69

Tax Exempt Option #2 Sales Tax NOT Paid with Grant Funds

Report vendor amount excluding sales tax (subtotal) in vendor amount field. Report \$0.00 in sales tax field.

Vendor Total Amount	Sales Tax
\$175.00	\$0.00

Tax Exempt Option #3 Sales Tax Reported After Reimbursement Received

Report full vendor amount including sales tax paid with grant funds in vendor amount field. Report \$0.00 in sales tax field.

Vendor Total Amount	Sales Tax
\$187.69	\$0.00

Then, report reimbursed sales tax once it is received

Not Eligible for Tax Exemption

Report full vendor amount including sales tax paid with grant funds. Report \$0.00 in sales tax field.

Vendor Total Amount	Sales Tax
\$187.69	\$0.00