

Sales Tax Obligations of Michigan Public Schools

Michigan School Business Officials
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Michigan Sales Tax

This presentation will discuss generally the obligations of a Michigan public school under the Michigan General Sales Tax Act, Act 167, Public Acts of Michigan, 1933, as amended (the “Act”)

The Act imposes a tax on retail sales of tangible personal property at a rate of 6% of the seller’s gross proceeds from the sale.

Under the Act retail sales *to a public school* for their own use, storage or consumption are generally exempt from sales tax and retail sales *made by a public school* are generally subject to sales tax.

However, exceptions apply for various types of sales made by public schools.



Sales to a Public School

Sales NOT for Resale

Under the Act a sale of tangible personal property not for resale to a Michigan public school is exempt from the sales tax if:

- 1. the income or benefit from the use of the property does not inure, in whole or in part, to an individual or private entity, directly or indirectly; and***
- 2. the activities of the public school are carried on exclusively for the benefit of the public at large and are not limited to the advantage, interests, and benefits of its members or any restricted group.***

Under the above exemption the public school should inform the vendor(s) that the purchase is exempt and provide the vendor(s) with a completed “Certificate of Exemption” (Michigan Treasury Form 3372).

See [Revenue Administrative Bulletin 2022-19](#)

Michigan Department of Treasury
3372 (Rev. 02-25) Reset Form

Michigan Sales and Use Tax Certificate of Exemption

This exemption claim should be completed by the purchaser, provided to the seller, and is not valid unless the information in all four sections is complete. Do not send a copy to Treasury unless one is requested.

SECTION 1: TYPE OF PURCHASE Check one of the following:

A. One-Time Purchase
Order or Invoice Number: _____

B. Blanket Certificate: Recurring Business Relationship

C. Blanket Certificate
Expiration Date (maximum of four years): _____

The purchaser completing this form hereby claims exemption from tax on the purchase of tangible personal property or services purchased from the seller named below. This claim is based upon: the purchaser's proposed use of the property or services; OR the purchaser's exempt status.

Seller's Name and Address

SECTION 2: ITEMS COVERED BY THIS CERTIFICATE
Check one of the following:

1. All items purchased.

2. Limited to the following items: _____

SECTION 3: BASIS FOR EXEMPTION CLAIM
Check one of the following:

1. For Lease. Purchaser will lease the property and elects to pay tax based on rental receipts. Enter sales tax license or use tax registration number: _____

2. For Resale at Retail. Enter Sales Tax License Number: _____

3. Direct Pay - Authorized to pay use tax on qualified transactions directly to Michigan Treasury under account number: _____

The following exemptions **DO NOT** require the purchaser to provide a number:

4. Agricultural Production. Enter percentage: _____%

5. Government Entity (U.S. or its instrumentalities, State of Michigan or its political subdivisions), Nonprofit School, Nonprofit Hospital, Church or House of Religious Worship (circle type of organization)

6. Contractor (provide Michigan Sales and Use Tax Contractor Eligibility Statement (Form 3520)).

7. For Resale at Wholesale.

8. Industrial Processing. Enter percentage: _____%

9. Nonprofit Internal Revenue Code Section 501(c)(3), 501(c)(4), or 501(c)(19) Exempt Organization.

10. Nonprofit Organization with an authorized letter issued by Michigan Department of Treasury prior to July 17, 1998 (sales tax) or June 13, 1994 (use tax).

11. Rolling Stock purchased by an Interstate Motor Carrier.

12. Other (explain): _____

SECTION 4: CERTIFICATION
I declare, under penalty of perjury, that the information on this certificate is true, that I have consulted the statutes, administrative rules and other sources of law applicable to my exemption, and that I have exercised reasonable care in assuring that my claim of exemption is valid under Michigan law. In the event this claim is disallowed, I accept full responsibility for the payment of tax, penalty and any accrued interest, including, if necessary, reimbursement to the vendor for tax and accrued interest.

Business Name	Type of Business (see codes on page 2)	
Business Address	City, State, ZIP Code	
Business Telephone Number (include area code)	Name (Print or Type)	
Signature	Title	Date Signed

Sales To a Public School for Resale

Sales for Resale

Under the Act a “**sale at retail**” or “**retail sale**” means a sale of tangible personal property for any purpose other than resale.

Therefore, items purchased for resale would be exempt from the sales tax. Under this exemption the public school should inform the vendor(s) that it is purchasing such items for resale and provide the vendor(s) with a completed “Certificate of Exemption” (Michigan Treasury Form 3372).

See *Revenue Administrative Bulletin 2022-19*

Sales/Use Tax on School Construction Projects

Construction Materials

With regard to the exemption applicable to a public school, a common question which arises is the treatment of construction material purchased by an outside contractor performing a construction/improvement project for the public school.

Under the Act, a “sale at retail” also includes sales of tangible personal property to contractors in their trade or business. Thus, under the Act, a contractor performing services for a public school would pay the Michigan sales tax on the material it purchases to complete the construction/improvement project. There is no exemption under the Act based on the fact the contractor is performing the construction services for a public school.

It has been suggested that a public school could save the sales tax on the purchase of construction materials for use by a contractor in a construction project by purchasing said material directly. The problem with this strategy is that technically, the material purchased by the public school is not a sale at retail and is not for use or consumption by the public school but is for use and consumption by the contractor.

See [Revenue Administrative Bulletin 2025-18](#)

Use of Construction Materials v Installation of Equipment

Installation NOT Subject to the Sales/Use Tax:

Tangible personal property purchased by a public school for its use and installed by a person engaged in the business of installing tangible personal property.

Construction Materials Subject to the Sales/Use Tax:

Tangible personal property purchased by the public school used by a person engaged in the business of constructing, altering, repairing or improving real estate for the public school for the sole purpose of affixing the tangible personal property to the public schools real estate.

Sales By a Public School

Sales Generally

- A public school must remit sales tax on all sales made at retail (i.e., not for resale).
- If a public school intends to sell tangible property it is required to obtain a sales tax license from the Michigan Department of Treasury regardless of the amount of revenue it intends to generate from such sales (Michigan Treasury Form 518: Registration for Michigan Taxes).
- The Act does provide public schools various exemptions from the sales tax on retail sales.

See [Revenue Administrative Bulletin 2020-25](#)



Sales By a Public School: Fundraising Exemption

Exempt!

Fundraising Activity: The Act provides an exemption on the first \$10,000 of fundraising sales made by a public school if the public schools aggregate sales at retail in the calendar year are less than \$25,000.

For purposes of this exemption a “school” means each elementary, middle or high school site within a school district that represents a district attendance area. This thus allows a separate \$10,000 exemption and \$25,000 of aggregate sales threshold for each elementary, middle or high school site. It should also be noted that a club, association or other organization affiliated with a school, which does not have its own tax-exempt status, is not considered a separate entity or site for purposes of this exemption and for sales tax purposes its retail sales would be aggregated with the school site with which it is affiliated.

See Revenue Administrative Bulletin 2020-25

Sales By a Public School: Exemptions

Sale of Textbooks to Students: The sale of textbooks by a public school to or for the use of students enrolled in any part of a K through 12th grade program are exempt for the sales tax.

Sale of Food: In general, all prepared food and beverages that are sold for immediate consumption are subject to sales tax. The following are various exemptions and special rules for public schools:

- Sale of food to students
- Food provided at school event
- Catered food
- Concession.

See *Revenue Administrative Bulletin 2026-2*

Sales By a Public School: Exemptions

Fundraising Auctions.

School Store.

Raffle Tickets.

Sale or Lease of School Property:

- Real Property
- Personal Property
- Lease of School Property

See Revenue Administrative Bulletin 2020-25



Sales Tax License and Tax Returns

Sales Tax License: If a public school intends to sell or lease tangible property it is required to obtain a sales tax license from the Michigan Department of Treasury regardless of the amount of revenue it intends to generate from such sales and whether the sales are exempt.

Sales Tax Returns: Public schools with a sales tax liability must file sales tax returns and remit the sales tax to the State according to the frequency assigned by the State (i.e., monthly, quarterly or annually) which is based on the sales tax amount to be remitted.

For further information on the Sales Tax License and Returns see the Sales and Use Tax Section of the Michigan Department of Treasury website.

Michigan Department of Treasury
2024 Form 1000, Page 1 of 2

[Click Here to Use Michigan Treasury Online to File Electronically](#) **Print Form**

This form cannot be used as an amended return. See the 2024 Sales, Use and Withholding Michigan Annual Return (Form 1000).

2024 Sales, Use and Withholding Taxes Annual Return
Issued under authority of Public Acts 107 of 1983, 107 of 1985, and 107 of 1987, as amended.

File this return by February 28, 2025. Do not use this form to replace a monthly/quarterly return.

Business Account Number (9999999999)

Street Address City State ZIP+4

PART 1: SALES AND USE TAX		A. Sales	B. Use, Sales & Transfers
1. Total gross sales for tax year being reported	1		
2. Resales of tangible property and accommodations	2		
3. Telecommunications services	3		
4. Add lines 1, 2 and 3	4		
5. ALLOWABLE DEDUCTIONS		A. Sales Tax	B. Use Tax
a. Resale, addition or subject	5a		
b. Industrial processing exemption	5b		
c. Agricultural production exemption	5c		
d. Intangible commerce	5d		
e. Separately limited nonresale service charges	5e		
f. Bad debts	5f		
g. Food for human/animal consumption	5g		
h. Government exemption	5h		
i. Michigan motor fuel tax	5i		
j. Delivery and installation exemption	5j		
k. Other exemptions and/or deductions (see instructions)	5k		
l. Tax included in gross sales	5l		
m. Total allowable deductions. Add lines 5a-5l	5m		
6. Taxable balance. Subtract line 5m from line 4	6		
7. Gross tax due. Multiply line 6 by 6% (0.06)	7		
8. Tax collected in excess of line 7	8		
9. Tax due before discount allowed. Add lines 7 and 8	9		
10. Total discount allowed (see instructions)	10		

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2024 Form 1000, Page 2 of 2

		A. Sales Tax	B. Use Tax
11. Total tax due. Subtract line 10 from line 9	11		
12. Tax payments and credits in current year (after discounts)	12		
PART 2: USE TAX ON ITEMS PURCHASED FOR BUSINESS OR PERSONAL USE			
13. Purchases for which tax has been paid or inventory purchased or withdrawn for business or personal use	13		
14. Total use tax on purchases due. Multiply line 13 by 6% (0.06)	14		
15. Use tax paid on purchases and withdrawals in current year	15		
PART 3: WITHHOLDING TAX			
16. Gross Michigan payroll, pension and other taxable compensation	16		
17. Total number of W-2 and 1099 forms	17		
18. Total Michigan income tax withheld per W-2 and 1099 forms	18		
19. Total Michigan income tax withholding paid during current tax year	19		
PART 4: SUMMARY			
20. Total sales, use and withholding tax due. Add lines 11A, 11B, 14 and 19	20		
21. Total sales, use and withholding tax paid. Add lines 12A, 12B, 15 and 19	21		
22. If line 21 is greater than line 20, enter the difference here. If not, skip to line 25	22		
23. Amount of line 22 to be credited forward to a future period	23		
24. REFUND. Subtract line 23 from line 22	24		
25. If the 21 is less than 20, enter balance due	25		
26. Penalty for late filing or late payment (see instructions)	26		
27. Interest for late payment (see instructions)	27		
28. TOTAL PAYMENT DUE. Add lines 25, 26 and 27	28		

PART 5: SIGNATURE (All information below is required)

Taxpayer Certification: I have read and understand the instructions to this Michigan Annual Return and I am certain that the information reported is true and correct to the best of my knowledge and belief, and I am not aware of any other information that would require a change to the information reported.

Preparer Certification: I have read and understand the instructions to this Michigan Annual Return and I am certain that the information reported is true and correct to the best of my knowledge and belief, and I am not aware of any other information that would require a change to the information reported.

By checking this box, I authorize Treasury to discuss my return with my preparer.

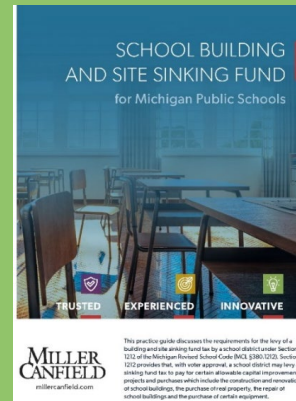
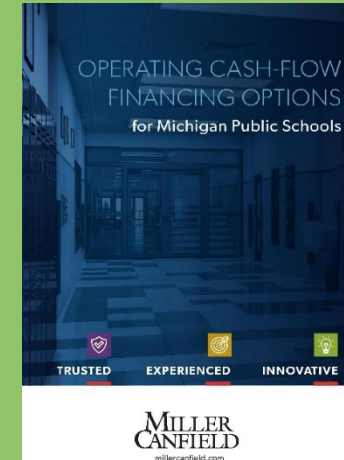
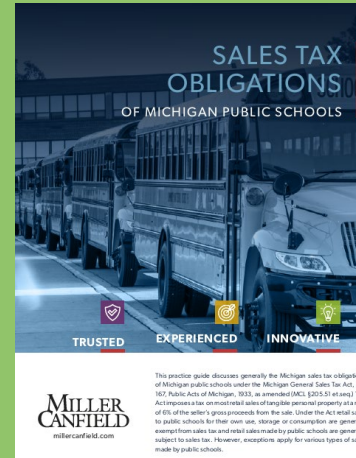
Signature of Taxpayer or Official Representative (must be Owner, Officer, Member, Manager or Partner) _____
Print Name of Taxpayer or Official Representative (Last, First, Middle) _____
Title _____
Signature Number _____
Preparer's Signature _____
Preparer's Business Name and Address _____
Preparer's Signature Number _____
Preparer's Michigan Number _____

File and pay this return to: Tax on Michigan Treasury, Office of Interoceanic Michigan, 1000 Renaissance Center, Detroit, Michigan 48201-1000. Send the return and payment due to: Michigan Department of Treasury, P.O. Box 30401, Lansing, MI 48909-7401.

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School Practice Guides



School Law Practice Group

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We are where you are. Local firm. Global resources.

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Thank you!

- **This document is not intended to give legal advice and does not establish any attorney-client relationship. It is comprised of general information. School Districts facing specific issues should seek the assistance of an attorney.**

Any Questions?