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POLICY

This policy applies to The Johns Hopkins Health System Corp. (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center (JHBMC), Howard County General Hospital (HCGH), Johns Hopkins Community Physicians (JHCP), Johns Hopkins Medical Services Corporation (JHMSC), Johns Hopkins Medicine International (JHMI), Ophthalmology Associates (OA), Johns Hopkins Employer Health Programs (EHP), Johns Hopkins Medical Management Corporation (JHMMC), Priority Partners (PP), Johns Hopkins Pharmaquip, Inc. (JHPQ), Johns Hopkins Home Health Services, Inc. (JHHHS), Johns Hopkins Pediatrics Home, Inc. (JHPAHI), Johns Hopkins HealthCare (JHHC), Johns Hopkins Home Care Group (JHHCG), Suburban Health Center (SHC), Broadway Acquisition and Development, and HCGH OB/GYN Associates Series, LLC (HCGH OBGYN).

Purpose

The purpose of this policy is to provide proper procedures for sales and use tax.

Johns Hopkins Health System and its affiliates must collect the 6% Maryland sales tax on sales of any tangible personal property sold and delivered in the State of Maryland. Tangible property refers to any items capable of being touched. Sales tax must be collected for sales shipped outside of Maryland. Additionally, use tax may be imposed for services provided to for profit organizations.


Any department conducting sales of goods must collect the sales tax and forward monthly reports to the Tax Office by the 10th of the following month showing gross sales, taxable sales and sales tax collected. The reports assist the tax department with the filing of the COT/ST-118, The Maryland Sales and Use Tax Report.

In the event the customer is exempt from sales tax, JHHS must receive and have the customer's exemption certificate on file. In the event the customer is a resaler, JHHS must receive and have the customer's resalers certificate on file. Each and every sale must either have sales tax collected, or a sales tax exemption certificate or a resaler certificate on file.

Many JHHS and affiliates are exempt from tax, therefore they are issued a Maryland sales and Use Tax Exemptions certificate. The Certificates can only be used by employees purchasing items on behalf of JHHS and tax exempt affiliates. The Exemption Certificate is not valid to use with JHHS's "for – profit" affiliates. The exemption is only valid for purchases made by Purchase Order or JHHS Check. All purchases for JHHS and affiliates must follow procedures emplaced by Supply Chain Shared Services Center or Accounts Payable Shared Services Center. JHHS and affiliates will not reimburse sales tax paid by employees for purchases made in Maryland on behalf of JHHS. The Sales and Use Tax Exemption Certificate may not be used to purchase items for personal use. A contractor may use an Organization' Exemption Certificate to purchase materials which will be incorporated into the real property of a private, nonprofit charitable, educational organization located in Maryland. JHHS cannot buy on behalf of the Contractor. Please contact the JHHS Tax Office at 410-550-7250 if you need a copy of the Exemption Certificate.

REFERENCE

JHHS Finance Policies and Procedures Manual
 Policy No. FIN051 – Federal and State Tax Returns
 Policy No. Fin 023 – Check Requests

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RESPONSIBILITIES -

JHHS Director of Tax Compliance	Obtain information from JHHS Department of General Accounting and departments of the JHHS affiliates to accurately file the COT/ST-118 (Sales and Use Tax Return). Provide guidance to JHHS and affiliates on any questions related to sales and use tax.
Departmental Administrators	Provide accurate information, not otherwise available through JHHS General Accounting, which is necessary to prepare the returns in a timely manner.
Manager or Supervisor, Accounts Payable Shared Services Center	Review purchase orders and check requests to determine if sales tax is included or excluded.
Supply Chain Shared Service Center	Ensure the correct business area code is used with each purchase order so that tangible goods and services set aside the correct taxable amounts.

SPONSOR

Vice President of Finance/Chief Financial Officer (CFO) and Treasurer, JHHS

REVIEW CYCLE

Three (3) years


APPROVAL

President, JHHS

Date

PROCEDURES

- JHHS Tax Office
 - Obtain sales reports from JHHS General Accounting and other Department Managers. Sales reports should contain the following information: gross sales, taxable sales and sales tax collected. File the COT/ST-118 along with the remittance to the State of Maryland timely to receive the discount. Send confirmation to necessary individuals for their record.
 - Renew the Sales and Use Tax Exemption Certificate upon Expiration.
 - Provide guidance and support to sales and use tax related

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issues. Correspond with the State of Maryland Comptroller's Office regarding tax notices or requests for clarification.

Review JHHS and affiliates trial balances and financial statements to find additional sales and use tax transactions to ensure compliance.

2. Departmental Administrators Provide sales reports by the 10th of the following month. In addition, answer questions concerning departmental sales reports. Properly account for taxable sales.
3. Accounts Payable Shared Services Center/ Supply Chain Shared Services Center Review purchase orders and check request to verify that the sales tax is treated correctly. Contact the Tax Office for any questions related to sales tax.