UNIVERSITY OF ALASKA
UNIFORM GUIDANCE WORKING GROUP

Section Number & Name: 200.470 Taxes (including Value Added Tax)
A-21 Reference: J-49

BACKGROUND INFORMATION:

A. Does the revised guidance contain new language? ☒ Y ☐ N

Specifically describe the new language and how it differs: see attached

B. Is the new guidance more or less restrictive than university processes? ☐ More ☒ Less

Specifically describe how it is more or less restrictive:
Specifies that Value Added Tax (VAT) is allowable

C. Cite any relevant system-wide policies/regulations/procedures:

D. Cite any MAU-level relevant processes or manuals:

E. Is there an impact to electronic systems (Banner HR/Finance, Web Timesheets, Effort Reporting, etc.)? ☐ Y ☒ N

List specific system(s) impacted and method of impact:

ACTION PLAN: Is specific action needed? ☐ Y – see below ☒ N – no action needed

Recommended Action(s):
1.

UA responsible area requiring documentation of compliance:

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~~Taxes.~~

§200.470 Taxes (including Value Added Tax).

(a) For states, local governments and Indian tribes:

(1) Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs.

(2) Gasoline taxes, motor vehicle fees, and other taxes that are in effect user fees for benefits provided to the Federal government are allowable.

(3) This provision does not restrict the authority of the Federal awarding agency to identify taxes where Federal participation is inappropriate. Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, the cognizant agency for indirect costs may accept a reasonable approximation thereof.

(b) For nonprofit organizations and IHEs:

(1) In general, taxes which the ~~institution~~non-Federal entity is required to pay and which are paid or accrued in accordance with ~~generally accepted accounting principles are allowable.~~GAAP, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for~~--~~:

(i) Taxes from which exemptions are available to the ~~institution~~non-Federal entity directly or which are available to the ~~institution~~non- Federal entity based on an exemption afforded the Federal government~~,~~ and, in the latter case, when the ~~sponsoring~~Federal awarding agency makes available the necessary exemption certificates~~; and~~,

(ii) Special assessments on land which represent capital improvements, and Federal income taxes.

(2) Any refund of taxes, ~~interest, or penalties,~~ and any payment to the ~~institution~~non- Federal entity of interest thereon, ~~attributable to taxes, interest, or penalties~~ which were allowed as ~~sponsored agreement~~Federal award costs, will be credited ~~or paid~~either as a cost reduction or cash refund, as appropriate, to the Federal government ~~in the manner directed by the Federal Government.~~ However, any interest actually paid or credited to an ~~institution~~non-Federal entity incident to a refund of tax, interest, and penalty will be paid or credited to the Federal government only to the extent that such interest

accrued over the period during which the ~~institution~~non-Federal entity has been reimbursed by the Federal government for the taxes, interest, and penalties.

~~for the taxes, interest, and penalties.~~

(c) Value Added Tax (VAT) Foreign taxes charged for the purchase of goods or services that a non-Federal entity is legally required to pay in country is an allowable expense under Federal awards. Foreign tax refunds or applicable credits under Federal awards refer to receipts, or reduction of expenditures, which operate to offset or reduce expense items that are allocable to Federal awards as direct or indirect costs. To the extent that such credits accrued or received by the non-Federal entity relate to allowable cost, these costs must be credited to the Federal awarding agency either as costs or cash refunds. If the costs are credited back to the Federal award, the non-Federal entity may reduce the Federal share of costs by the amount of the foreign tax reimbursement, or where Federal award has not expired, use the foreign government tax refund for approved activities under the Federal award with prior approval of the Federal awarding agency.