

We have a reseller's permit from the state. Below is some information and guidelines for fundraising to consider if the fundraiser is tax exempt or not.

A fundraiser is defined as a sales period that is short in duration – I define this as a period of time not to exceed 1 month.

For example:	1 st Yearbook Sales Period	3 orientation days in August
	2 nd Yearbook Sales Period	Last 3 weeks of school

If the yearbook sales are over the entire school year, we will not be eligible for the sales tax exemption.

- **It is the responsibility of the person contacting the vendor to provide a copy of the reseller's permit to the vendor if the fundraiser is indeed tax exempt.**
- **The person responsible for the fundraiser should make this decision after reading the above information.**
- **A Reseller Permit is available on the district M:drive/district forms/purchasing**
- **Do not include sales tax on the requisition.**
- **Once the po is processed, the resellers permit must be attached to the po for Accounts Payable to pay the invoice correctly from the vendor.**

Fundraising

Nonprofit organizations are generally required to collect and remit retail sales tax and pay business and occupation (B&O) taxes on their sales of goods and retail services. However, the law provides limited exemptions for certain fundraising activities.

The B&O and sales tax exemptions are limited to:

1. periodic fundraising activities
2. conducted by qualified nonprofit organizations
3. that do not constitute a regular place of business
4. where the proceeds of the fundraising are used to further the nonprofit's goals .

What is a qualifying nonprofit organization?

Qualifying nonprofit organizations must be:

- A tax-exempt nonprofit corporation described by §501(c)(3), (4), or (10) of the IRC; or
- A nonprofit organization that would qualify for tax exemption under these codes except that it is not organized as a nonprofit corporation; or
- A nonprofit organization that does not pay its members, stockholders, officers, directors, or trustees any amounts from its gross income, except as compensation to any person for services rendered and does not engage in a substantial amount of political activity. ([RCW 82.04.3651](#))

What are the fundraising exemptions?

[RCW 82.04.3651](#) provides a business and occupation (B&O) exemption to qualified nonprofit organizations for amounts received from certain fundraising activities.

[RCW 82.08.02573](#) provides a comparable retail sales tax exemption for qualified nonprofit organizations for amounts received from certain fundraising activities.

Tax-exempt fundraising activities

Qualifying nonprofits conducting fundraising activities are exempt from collecting and remitting sales tax and paying B&O tax on income earned from fundraising activities if:

- the income is used to further the organization's goals, and
- the fundraising activity is periodic and not held at a regular business location.

Examples

- A nonprofit 501(c)(3) organization operates a food booth for five days each July at the local community fair. The funds benefit the organization's scholarship fund.

- A nonprofit youth organization raises funds by selling tee shirts door to door for 3 weeks. The money is used to sponsor after school recreation youth programs in the community.
- A school PTO holds an annual dinner/auction to raise money for new playground equipment at the school.
- A church sponsors a spaghetti feed held in their basement. Proceeds are donated to assist in providing relief to natural disaster victims.

Can I purchase items I will resell without paying sales tax?

Yes. Nonprofits may purchase items that they will resell in the regular course of business or as part of a qualifying fundraising activity without paying sales tax by providing the seller with a [reseller permit](#). If your organization only conducts [fundraising](#) activities, you may apply to receive a free reseller permit.

If your organization makes sales of goods from a regular place of business, you must get a reseller permit to purchase your inventory items at wholesale without paying sales tax.

Your organization must register with the Department if it:

- conducts taxable business activities.
- is required to collect retail sales tax.
- collects other taxes and fees.

Nonprofit organizations that purchase meals that they will resell to attendees as part of a qualifying [fundraising](#) activity may also provide a [reseller permit](#) to hospitality businesses (hotels, restaurants, caterers) that sell meals.

Please refer to the following for more information on the taxability of nonprofit organizations and the fundraising exemption:

- [Washington Administrative Code \(WAC\) 458-20-169](#)
- [Nonprofit Organization](#) brochure
- [Nonprofit Fundraising Special Notice](#)

Schools, Government, Churches, and Other Organizations – Sales Tax

Nonprofit organizations must pay sales tax on goods and retail services they purchase as consumers, unless a specific exemption applies.

Nonprofit organizations may give their vendors a reseller permit for items they will resell in the regular course of business or as part of qualifying fundraising activity. (See the [Fundraising](#) section for more information.)

Schools

Schools must pay sales tax on goods and retail services they purchase as consumers, unless a specific exemption applies. This applies to both public and private schools.

Nonprofit private schools that qualify (or would qualify if the school applied) for IRS 501(c)(3) status as an educational organization may give their vendors a reseller permit for items they will resell as part of a qualifying fundraising activity. (See the [Fundraising](#) section for more information.)

Public schools may not use a reseller permit to purchase goods and services. Public schools must pay sales tax on these purchases unless a specific exemption applies. (See the [School District Guide](#) for more information.)

(See [WAC 458-20-167](#) for more information on educational institutions and private schools.)

Churches

Churches must pay sales tax on goods and retail services they purchase as consumers, unless a specific exemption applies. (For example: construction and landscaping services are subject to sales tax.)

Churches that qualify may give their vendors a reseller permit for items they will resell as part of a qualifying fundraising activity. (See the [Fundraising](#) section for more information.)

Political Organizations

Political organizations must pay sales tax on goods and retail services they purchase as consumers, unless a specific exemption applies.

Political organizations may give their vendors a reseller permit for items they will resell. Reseller permits provided by political organizations must have a UBI/tax registration number issued by the Department of Revenue to be valid.

Political organizations do not qualify for the fundraising exemptions for B&O tax and sales tax.