

SPECIAL NOTICE

January 5, 2004

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342
Teletype 1-800-451-7985

Nonprofit Fundraising

This special notice provides basic information about the taxability and specific exemptions for nonprofit fundraising. It is current at the time of publication, but future changes may invalidate some of this information and not all applications of tax are discussed. The material is intended only for general informational purposes; it does not alter or supersede any administrative regulations or rulings issued by the Department.

Tax Registration

Amounts received for activities that are specifically exempt, explained below, do not need to be reported to the Department of Revenue. The nonprofit is not required to register with the Department of Revenue if all of its income is exempt. Depending on the circumstances the nonprofit organization may register on a temporary or a permanent basis to report taxable activities.

Fundraising Exemptions

Nonprofit organizations conducting qualifying fundraising activities; are exempt from the business and occupation (B&O) tax and the requirement to collect sales tax. Fundraising activities include directly soliciting money or other property, or selling goods or services to further the nonprofit organization's goals. It does not include the operation of a regular place of business with regular hours such as a bookstore, thrift shop, restaurant or similar business.

For the purpose of the fundraising exemption, the term "nonprofit organization" means the following:

- 1) An organization exempt from federal tax under Section 501 (c)(3), (4), or (10) of the federal internal revenue code; or
- 2) A nonprofit organization that would qualify under number one above except that it is not organized as a nonprofit corporation; or
- 3) A nonprofit organization meeting all of the following criteria:
 - a) members, stockholders, officers, directors, or trustees of the organization do not receive any part of the organization's gross income, except as payment for services rendered,
 - b) compensation received by any person for services rendered does not exceed a reasonable amount, and
 - c) activities of the organization do not include a substantial amount of political activity.

Reseller Permits

Nonprofit organizations making purchases to sell at qualifying fundraising events may use a reseller permit, [Streamlined Sales Tax \(SST\) Exemption Certificate](#) or the [Multi-State Tax \(MTC\) Exemption Certificate](#) so that sales tax will not be



due on these purchases. To obtain a reseller permit, an [application](#) must be submitted to the Department. For more information, see our [website](#).

Donated Personal Property

Donors of tangible personal property to nonprofit charitable organizations and state and local governments are exempt from the use tax liability on donated items when no intervening use has taken place. Nonprofit and governmental entities are exempt from use tax on donated items. Both the donor and donee are exempt from use tax on donated items which are incorporated into real property.

Additionally, use tax does not apply to such property if it is subsequently donated or bailed by the nonprofit organization to a person who uses it for the purpose which it was originally donated.

For More Information

If you have questions about the business and occupation or sales/use tax exemptions, please contact your local Department of Revenue office or the Telephone Information Center . The locations and telephone numbers are below, or you may write to:

Taxpayer Information and Education
Washington State Department of Revenue
PO Box 47478
Olympia, WA 98504-7478
FAX (360) 486-2159

Department of Revenue Local Offices

BELLINGHAM (360) 676-2114
1904 Humboldt Street, Suite A
PO Box 1176 98227-1176

EVERETT (425) 356-2911
11627 Airport Road, Suite B
98204-8714

KENNEWICK (509) 585-1501
22 West Kennewick Avenue
PO Box 7207 99336-0616

KENT (253) 437-3440
20819 72nd Ave South, Suite 680
98032

LACEY (360) 486-2366
Lacey Center
4565 7th Avenue SE
98513

PORT ANGELES (360) 457-2564
734 East First Street, Suite B
PO Box 400 98362-0064

SEATTLE (206) 956-3002
2101 4th Avenue, Suite 1400
98121-2300

SPOKANE (509) 482-3800
4407 N Division, Suite 300
99207-1685

TACOMA (253) 593-2722
3315 South 23rd Street, Suite 300
PO Box 111180
98411-1180

VANCOUVER (360) 260-6176
8008 NE 4th Plain Boulevard, Suite 320
PO Box 1648
98668-1648

WENATCHEE (509) 663-9714
630 N Chelan Avenue, Suite B3
PO Box 220
98807-0220

YAKIMA (509) 575-2783
1714 S 16th Avenue
98902-5713

Telephone Information Center
1-800-647-7706

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.