

BUSINESS AND OCCUPATION (B&O) AND RETAIL SALES/USE TAXES



Qualifying nonprofit organizations conducting periodic fund-raising activities, which do not constitute the operation of a regular "place of business, are exempt from the Business and Occupation (B&O) tax and the requirement to collect sales tax.

Fund-raising activities include directly soliciting money or other property, or selling goods or services to further the nonprofit organization's goals. It does not include a regular place of business with regular hours such as a bookstore, thrift shop, restaurant or similar business.

For the purpose of the fund-raising 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.