

Page 1 of 1

CAROL WALSH

From: "DOR Rulings" <Rulings@DOR.WA.GOV>
To: <lv2walk@msn.com>
Sent: Friday, September 02, 2005 3:26 PM
Subject: Taxability Response

Dear Ms. Walsh:

Thank you for your e-mail dated August 22, 2005, regarding the taxability of items purchased by a nonprofit organization.

Question:

Evergreen State is a non-profit organization for 30 walking clubs in the state. We do patches and hatpins for awards at various walks. Is the proper way to do the resale for all the items with a resale certificate? The past treasurer was using the resale certificate for one purchase of patches at NW Trek but on another award tax was being charged. Which is the correct way? Both awards for the walking are for resale in the amount they pay for the award.

Answer:

Items purchased for resale may be purchased with a resale certificate. As a nonprofit organization, you may use the resale certificate even if you are not registered with the Department of Revenue. If you are a qualifying nonprofit organization and the sales of the patches and hatpins are a periodic fundraising activity, sales tax is not collected when you resell the patches and hatpins to participants. If your organization is giving the patches or hatpins away you may not use the resale certificate. In this case you must pay sales tax when you purchase the items.

For additional information on fundraising activities, please refer to Washington Administrative Code (WAC) 458-20-169, Nonprofit Organization Fact Sheet, and Nonprofit Fundraising Special Notice.

If you have additional questions, please write again.

State of Washington
DEPARTMENT OF REVENUE
September 2, 2005