

City of Pueblo, Colorado

TAX GUIDE

OCCASSIONAL SALES BY EXEMPT ORGANIZATIONS

Organizations that hold an IRS section 501(c)(3) qualification letter and have a Charitable Exemption Certificate issued by the State of Colorado may be exempt from collecting sales tax during fund raising events.

If the charitable organization conducts sales for a total of 12 days or less during a calendar year and the net proceeds from all these events do not exceed \$25,000 in that calendar year, the sales are not subject to City sales tax. Please note that net proceeds are total gross event receipts less expenses attributable to the event. As soon as the organization reaches either \$25,000 in net proceeds, or conducts sales for more than 12 days a year, the organization must obtain a city sales tax license and remit city sales tax on all city sales that occurred in that calendar year, including sales in that calendar year that were previously exempt prior to the date when the threshold was exceeded.

Sales by Other Tax-Exempt Organizations

Other tax-exempt organizations (including governmental entities and schools) that sell tangible personal property (for example, through a secondhand good retail store, school supplies store or routine sales of organization-related items) must obtain a city sales tax license and collect and remit city sales tax.

FOR EXAMPLE: A charitable organization sells tickets for a silent Auction. The ticket price is \$100 and includes a dinner. The fair-market value of the dinner is \$25. Three tickets are sold. The ticket states that \$75 of the ticket price is a donation. The direct cost to the charitable organization for the dinner is \$10/dinner. The silent auction generates \$30,000 in gross proceeds and \$20,000 in net proceeds from the sale of auctioned items. The donation proceeds of \$22,500 ($\75×300) is not taxable.