






# Sales Tax Exemptions *for* Nonprofit Organizations

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### **Certain Nonprofit Organizations that Provide Funding for Training Blind Persons**

Revised Statute 47:305.15 (B) provides a sales tax exemption for purchases made by nonprofit organizations that use public funds for at least 75 percent of their operational funding and primarily operate to provide funding for and training to blind persons. The organization must collect sales tax on sales. Organizations must apply for the exemption certificate by completing Form R-1303.

### **Nonprofit Blood Banks and Collection Centers**

Revised Statute 47:301(16)(j) provides a sales tax exclusion for materials used directly in the collection, separation, treatment, testing, and storage of blood by nonprofit blood banks and nonprofit blood collection centers. This exclusion also includes apheresis kits and leuko reduction filters.

### **Boys State and Girls State of Louisiana Inc.**

Revised Statutes 47:301(7)(g), (10)(r), and (18)(f) provide sales tax exclusions for Boys State of Louisiana, Inc. and Girls State of Louisiana, Inc. for leases or rentals and purchases for their educational and public service programs for youth. Exemption certificate Form R-1059 should be presented by the organization to their vendors.

### **Nonprofit Carnival Organizations**

Revised Statute 47:301(13)(l) provides a sales tax exclusion for specialty items sold to members for fund-raising purposes by nonprofit carnival organizations domiciled within Louisiana and participating in a parade sponsored by a carnival organization. Carnival organizations must complete Form R-1312 to apply for an authorization certificate from the Department of Revenue before the exclusion can be used.

### **Nonprofit Civic Organizations—Membership Fees or Dues**

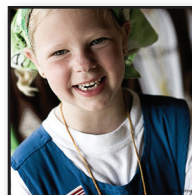
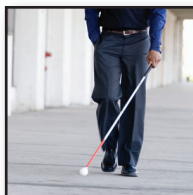
Revised Statute 47:301(14)(b) provides a sales tax exclusion for membership fees or dues of nonprofit, civic organizations, including the Young Men's Christian Association, the Catholic Youth Organization, and the Young Women's Christian Association.

### **Nonprofit Entities that Train or Employ Persons with Disabilities**

Revised Statute 47:301(8)(f) provides a sales tax exclusion for purchases by nonprofit entities that sell donated goods and spend 75 percent or more of their revenues on directly employing or training for employment persons with disabilities or workplace disadvantages. Nonprofit entities must apply for an exclusion certificate annually using Form R-1315.

### **Girl Scouts, Boy Scouts, Big Brother, and Big Sister Organizations**

Revised Statute 47:301(10)(h) provides a sales tax exclusion for sales of food items by youth serving organizations chartered by United States Congress.



### **Nonprofit Literacy Organizations**

Revised Statute 47:305.14(A)(5) provides a sales tax exemption for purchases of tangible personal property or taxable services by nonprofit literacy organizations in compliance with the court order from the Dodd Brumfield decision and Section 501(c)(3) of the Internal Revenue Code. The exemption is limited to books, workbooks, computers, computer software, films, videos, and audio tapes. To obtain the exemption, qualifying nonprofit literacy organizations must complete sales tax exemption certificate Form R-1321 and present it to their vendors.

### **Museums Operated by Nonprofit Institutions**

Revised Statute 47:301(14)(b)(ii) provides a sales tax exclusion from collection of the sales tax on admissions for museums operated by private nonprofit institutions that are permanently organized for educational or aesthetic purposes. The exclusion does not apply to the sales tax on purchases or importations. To qualify for the exclusion, the museum must own or use tangible objects that are displayed, use professional staff to care for the objects, and must exhibit the objects to the public on a regular basis.

Qualifying museums include museums relating to art, history, historic buildings, natural history, science, and technology; aquariums and zoological parks; botanical gardens and arboretums; nature centers; and planetariums.

### **Retreat Facilities Owned and Operated by Nonprofit Organizations**

Revised Statute 47:301(6)(b) provides a sales tax exclusion for room rentals by camp and retreat facilities owned and operated by nonprofit organizations.

Revised Statute 47:301(14)(b)(iv) provides an exclusion from the sales tax on places of amusement for camp and retreat facilities owned and operated by nonprofit organizations.

To qualify for the exclusions, the nonprofit organization must be exempt from federal income tax under Section 501(a) of the Internal Revenue Code and the net revenue derived from the organization's property must be devoted wholly to the nonprofit organization's purposes. In addition, if the facility rents accommodations to transient guests who are not attending a nonprofit organization function, the tax must be collected. Necessary expenses include fees paid for guest speakers, chair and table rentals, and food and beverages and related items.

### **Homeless Shelters Operated by Nonprofit Organizations**

Revised Statute 47:301(6)(c) provides a sales tax exclusion for room rentals at qualifying homeless shelters. The homeless shelter must be owned by a an IRS-designated Section 501(c)(3) organization. The rooms must be rented to homeless transient persons who are financially challenged and unable to obtain a regular room rental. The room rental charge cannot be greater than twenty dollars per day and the rental period cannot last longer than thirty days.

To qualify for the exclusion, organizations must submit a Homeless Shelter Certification Application, Form R-1389 and be approved by the Department.

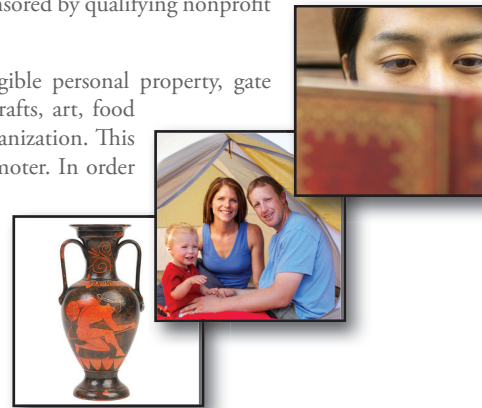
### **Nonprofit Organizations—Sales, Event Admission Charges, Parking Fees, and Newspapers**

Revised Statute 47:305.14 provides a sales tax exemption for sales of tangible personal property at, admission charges for, outside gate admissions to, or parking fees associated with events sponsored by domestic, civic, educational, historical, charitable, fraternal, or religious organizations that are nonprofit if the entire proceeds, except for the necessary expenses connected with the event are used for educational, charitable, religious, or historical restoration purposes, including the furtherance of the civic, educational, historical, charitable, fraternal, or religious purpose of the organization. Necessary expenses include fees paid for guest speakers, chair and table rentals, and food and beverages and related items.

Organizations must apply for the exemption before the date of the event using Form R-1048. To qualify for the exemption, the event may not be intended to yield a profit to the promoter or to any individual contracted to provide services or equipment, or both, for the event.

The exemption does not apply to purchases made by the organization and does not exempt regular commercial ventures such as bookstores, restaurants, gift shops, commercial flea markets, and similar activities that are sponsored by qualifying nonprofit organizations that are in competition with retail merchants.

Revised Statute 47:301(10)(hh) and (14)(k) provide a sales tax exemption for sales of tangible personal property, gate admissions, or parking fees associated with an event providing Louisiana heritage, culture, crafts, art, food and music which is sponsored by an IRS-designated Section 501(c)(3) domestic nonprofit organization. This exemption applies even if the sponsoring nonprofit organization has engaged a for-profit promoter. In order to qualify, the event must meet certain criteria. To date, only the Louisiana Jazz and Heritage Festival meets the criteria and is exempt from collecting state sales tax on their sales of tangible personal property, admission charges, outside gate admissions and parking fees associated with the event.



**Sickle Cell Disease Organizations**

Revised Statute 47:305.53 provides a state and local sales tax exemption for sales, rentals or leases, taxable services, and purchases by nonprofit organizations that conduct comprehensive programs on sickle cell disease including free education, testing, counseling, prescriptions, transportation and food packages for sickle cell patients. To qualify for the exemption, organizations must apply to LDR using Form R-1314.

**Thrift Shops Located in Military Installations**

Revised Statute 47:305.14(A)(4) provides a sales tax exemption for sales made by thrift shops located on military installations.

**Sheltered Workshops for the Mentally Retarded**

Revised Statute 47:305.38 provides a state and local sales tax exemption for sheltered workshops for the mentally retarded licensed by the Department of Social Services as a day developmental training center. The exemption covers the sales and purchases of tangible personal property by the sheltered workshop. Sheltered workshops must complete Form R-1327 and submit the application to the Special Programs Division for approval.

**Nonprofit Organizations that Donate Toys to Children**

Revised Statute 47:301(10)(aa) and (18)(m) provide a state and local sales tax exclusion for purchases of toys by a nonprofit organization exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. In order for the exemption to apply, the sole purpose of purchasing the toys is to donate toys to minors and the toys are, in fact, donated. The exclusion does not apply if the donation is intended to ultimately yield a profit to a promoter of the organization or to any individual contracted to provide services or equipment, or both, to the organization.

To qualify for the sales tax exclusion, organizations must submit an Application for Sales Tax Exclusion for Purchases of Toys by Nonprofit Organizations for Donation to Minors, Form R-1313 and be approved by the Department.

**Nonprofit Corporations that Participate in National School Lunch/Breakfast Programs**

Revised Statute 47:301(10)(dd) provides a state sales tax exclusion for purchases of food items by nonprofit corporations for school lunch or breakfast programs which serve students in nonpublic elementary or secondary schools that participate in the National School Lunch and School Breakfast Programs. Nonprofit corporations must complete the sales tax exemption form R-1323 and present it to their vendors.

**Construction Material Purchases by Certain Nonprofit Organizations**

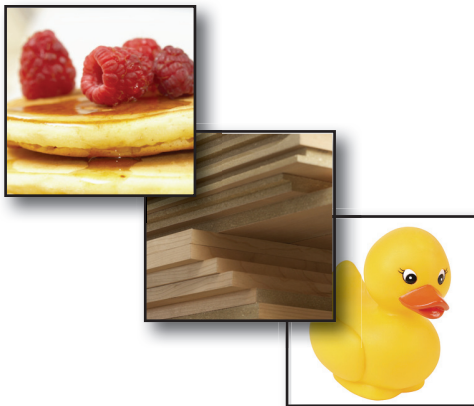
Revised Statute 47:305.59 provides a state sales and use tax exemption for the sale of construction materials to Habitat for Humanity and the Fuller Center for Housing affiliates located in this state when the materials are intended for use in constructing new residential dwellings in this state. Effective July 1, 2012, the Make It Right Foundation is also eligible for the sales and use tax exemption on the purchase of construction materials. These organizations must complete Form R-1324 and present it to their vendors.

**Parish Councils on Aging**

Revised Statute 47:305.66 provides a sales tax exemption on the sales, purchases, leases and rentals of tangible personal property and services to nonprofit domestic parish councils on aging.

**Fore!Kids Foundation**

Revised Statute 47:305.68 provides a sales tax exemption on the sales, purchases, leases and rentals of tangible personal property and services to the Fore!Kids Foundation.



### **Restricted Refund for Qualified Charitable Institutions**

Revised Statute 47:315.5 authorizes an exemption in the form of a restricted refund of sales tax collected by a qualified charitable institution on the sale of donated tangible personal property or items made from donated property. In order to qualify, the charitable institution must qualify as a nonprofit organization under IRS Code Section 501(c)(3), its principal place of business is within the state, it routinely sells donated property or items made from donated property and it spends at least seventy-five percent of its annual revenue on job training, job placement, the direct employment of, or other related community services or support programs for, people with workplace disabilities or disadvantages. The refund must be used exclusively in Louisiana for land acquisition, capital construction, or equipment, or related debt service or job training, job placement, employment, or other related community services and support program costs. The Department of Revenue is authorized to audit the institutions receiving refunds.

To qualify for the restricted refund, organizations must submit R-1385—*Application for Sales Tax Exemption Certificate for Charitable Institutions* and be approved by the department.

### **Suspended Exemptions**

The following exemptions are partially suspended and subject to the one percent state sales tax imposed by Revised Statute 47:321(H).

#### **Nonprofit Ballet Organizations**

Revised Statute 47:305.42 provides a state sales tax exemption for sales of tickets to ballet performances by domestic nonprofit organizations engaged in the preparation and presentation of any dance, drama, or any of the performing arts.

#### **Nonprofit Charitable, Educational and Religious Organizations**

Revised Statute 47:305.13 provides a sales tax exemption for admissions to entertainment events furnished by recognized domestic nonprofit charitable, educational, and religious organizations when the entire proceeds from the admission sales, except for necessary expenses connected with the entertainment events, are used for the purposes for which the organizations furnishing the events were organized.

Nonprofit charitable, educational and religious organizations may also apply for exemption under Revised Statute 47:305.14. If approved under this exemption, sales tax would not apply to sales of tangible personal property at, or admission charges, for, outside gate admissions to, or parking fees associated with events sponsored by nonprofit charitable, educational or religious organizations. To apply for the exemption, organizations must submit R-1048 Application for Exemption from Collection of Louisiana Sales Taxes at Certain Fund-Raising Activities to LDR for approval.

#### **Nonprofit Musical Organizations**

Revised Statute 47:305.7 provides a sales tax exemption for admission ticket sales to musical performances by domestic nonprofit musical organizations including symphony organization and societies or organizations engaged in the presentation of musical performances. The sales tax exemption does not apply to performances given by out-of-state or nonresident symphony companies or performances intended to yield a profit to the promoters.

#### **Nonprofit Organizations Dedicated to the Conservation of Fish or Migratory Waterfowl**

Revised Statute 47:305.43 provides a state and local sales tax exemption for the sales and purchases by nonprofit organizations dedicated exclusively to the conservation of fish or the migratory waterfowl of the North American Continent and to the preservation and conservation of wetland habitat of the waterfowl, when the entire proceeds, except for the necessary expenses, are used in furtherance of the organization's exempt purpose. The exemption does not apply to any event intended to yield a profit to the promoter or to any individual contracted to provide services or equipment for the event. Organizations must apply for and be granted an exemption certificate to qualify for the exemption.

### **Fairs, Festivals, and Expositions Sponsored by Nonprofit Organizations**

Revised Statute 47:305.18 provides a state sales tax exemption for fairs, festivals, and expositions sponsored by recognized nonprofit organizations chartered in the state. The exemption applies to outside gate admissions to grounds and parking fees at fairs and festivals sponsored by the nonprofit organization. The exemption does not apply to any event intended to yield a profit to the promoter or to any individual contracted to provide services or equipment for the event. The exemption does not apply to sales or use taxes on purchases made by the organization. Organizations that endorse candidates for political office or are otherwise involved in political activities are not eligible for the exemption.

Recognized nonprofit organizations chartered in the state may also apply for exemption under Revised Statute 47:305.14. If approved under this exemption, sales tax would not apply to sales of tangible personal property at, or admission charges for, outside gate admissions to, or parking fees associated with the event sponsored by the organization. To apply for the exemption, organizations must submit R-1048 Application for Exemption from Collection of Louisiana Sales Taxes at Certain Fund-Raising Activities to LDR for approval.

### **Injunction Barring Enforcement of the Sales Tax Exclusions for Churches, Synagogues, and the Society of the Little Sisters of the Poor**

On April 17, 2006, The United States District Court for the Eastern District of Louisiana in New Orleans in *Secular Humanist Association, Inc. v. Bridges* (No. 04-3165, 04/17/2006) issued a preliminary injunction barring the Louisiana Department of Revenue from enforcing the sales tax exclusions for churches, synagogues, and the Society of The Little Sisters Of The Poor. Under Revised Statute 47:301(8)(d) and (e), churches and synagogues were previously excluded from paying the state sales tax on purchases of bibles, song books, and literature used for religious instruction classes, and the Society of the Little Sisters of the Poor was excluded from paying the state sales tax on all purchases.

Unless and until the judicial injunction is lifted, these exclusions cannot be claimed. Churches, synagogues, and the Society of the Little Sisters of the Poor will be required to pay the state sales or use tax on all of their purchases, including those previously excluded from taxation by these two statutes. These organizations will not hereafter be authorized to present, and selling dealers will not hereafter be authorized to accept, exemption certificates in lieu of the sales or use tax on any taxable purchase.





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