

Virginia Department of Taxation

Instructions for Preparing Sales and Use Tax Exemption Application For Nonprofit Organizations

Register on-line at <https://www.npo.tax.virginia.gov>

- Please read instructions carefully before completing this form.
- Please print or type and provide the information requested on all lines that apply to your organization.
- **For assistance call (804) 371-4023.**
- Completed form can either be mailed or faxed to: **Nonprofit Exemption Unit
Virginia Department of Taxation
Post Office Box 27125
Richmond, Virginia 23261-7125
FAX Number - (804) 786-2645**

Instructions

Complete this application if you are a nonprofit organization or a nonprofit church applying for a retail sales and use tax exemption. For more information on exemption requirements, see Code of Virginia Section 58.1- 609.11 or visit our website at www.tax.virginia.gov/nonprofit.

Section I - Part 1 Reason For Submitting Form

Check the box on the form to indicate the reason you are submitting this form:

- ✓ **New Exemption Application** - Select this option if you are requesting a retail sales and use tax exemption for the first time.
- ✓ **Renewal Application** - Select this option if you currently have an exemption that is due to expire or has expired.

Part 2 - Internal Revenue Service - Exempt Designation

Check the appropriate tax-exempt status that applies to your organization.

- ✓ 501(c)(3)
- ✓ 501(c)(4)

An organization requesting a sales and use tax exemption must be exempt under Sections 501(c)(3) or (c)(4) of the Internal Revenue Code (IRC) or has gross receipts less than \$5,000 and organized for one of the purposes under Sections 501(c)(3) or (c)(4). If your organization has a letter of exemption from the IRS, please submit a copy along with your application. **For more information on how to apply for federal tax-exempt status, contact the IRS at www.irs.gov/eo or (877) 829-5500.**

Section II - Business Information

Question 1 Enter the full legal name of the organization.

Question 2 Enter the Federal Employer Identification Number (FEIN) for your organization. **Do not enter the dash if applying online.** See IRS web-site at www.irs.gov for more information.

Question 3 Enter the street address of the organization's physical location. Enter an e-mail address if available. Your exemption certificate and all other correspondence will be mailed to the physical address.

Question 4 Enter the street address where the organization's financial records are available for public inspection if different from the physical address.

Question 5 Enter the name, title, address, daytime telephone number, FAX number, and e-mail address of the contact person for your organization. This must be a knowledgeable person in your organization who the Department can contact for information about your organization. This individual will be listed as the authorized representative on your exemption certificate.

Question 6 Check the box that best describes the purpose for which your organization was created. If you are a church proceed to the next question, if not skip to question 8.

- | | | |
|--|--------------------------------------|----------------------------------|
| <input type="checkbox"/> Civic and Community Service | <input type="checkbox"/> Cultural | <input type="checkbox"/> Medical |
| <input type="checkbox"/> Church | <input type="checkbox"/> Educational | <input type="checkbox"/> Other |

Section III - Nonprofit Church - Apply for An Exemption

Question 7 Recent legislation provides two options for nonprofit churches requesting a retail sales and use tax exemption. Select only one option below.

Form ST-13A - Churches using the self-issued exemption certificate are entitled to the sales and use tax exemption under the law, as it existed on June 30, 2003 (see Code of Virginia Section 58.1-609.10(16)). A church selecting this option is limited on its purchases of tangible personal property. Title 23 of the Virginia Administrative Code (VAC) 10-210-310 provides an illustrative listing of taxable and exempt purchases for nonprofit churches. Over the years, the exemption has been expanded to include: church bulletins, programs, newspapers, and newsletters distributed outside the church, gifts distributed outside the church, baptisteries, food, disposable serving items, cleaning supplies, teaching materials used in the operation of a camp or conference center which are used in carrying out the work of the church. The 2006 General Assembly expanded the exemption to include tangible personal property used in recording and reproducing church services. The exemption covers the purchase of video recording equipment, microphones, cassette players, and similar items that are used for recording and reproducing services. Beginning July 1, 2007, the exemption is expanded further to include tangible personal property used in caring for or maintaining property owned by the church including, but not limited to, mowing equipment and building materials installed by the church. The church may **not** contract with a person or entity to have building materials installed in the public church building, including, but not limited to worship services, administrative rooms, kindergarten, elementary, and secondary schools.

Stop here if you select this option. You are now ready to download your certificate if applying online. If completing a paper application, please mail to the department and your exemption certificate will be mailed to you once approved.

Tax -Exempt Number - Nonprofit churches can apply to the department for a tax-exempt number and enjoy a broader exemption. A nonprofit church applying for this option must meet all of the exemption requirements under Code of Virginia 58.1-609.11. If this box is checked, proceed to question 9.

Section IV - Exempt From Collecting Sales Tax or Exempt on the Purchases of Taxable Services

Question 8

Part I Complete this question **only** if you were granted an exemption from collecting the sales and use tax by the department or fall within the same class of any entity exempt from collecting sales and use tax on June 30, 2003, or the entity is organized exclusively to foster and sponsor, and promote physical education, athletic programs, and contest for youths in the Commonwealth. If the answer is no, proceed to Part II. Your organization may still qualify for an exemption on purchases of tangible personal property even if you do not meet the sales exemption criteria. See pages 5-6 for a list of classifications that are

currently exempt from collecting the sales tax. The organization must meet **all** the criteria as stated in each classification.

Part II Check the appropriate box below if you were granted an exemption from paying sales tax on taxable services as of June 30, 2003. If you fall into this category, select the box for “Exempt on Taxable Services”. If no, select “Other” and proceed to the question 9.

Section V - Financial Information

Question 9

(a) **Previous Year’s Annual Gross Revenue (AGR):** Enter revenue received from all sources during the organization’s annual accounting period before subtracting any costs or expenses. If filed federal Form 990 or 990EZ, enter the amount as reported to the IRS.

NOTE: Nonprofit organizations with annual gross revenue over \$1,000,000 in the previous year are required to provide a full audit performed by an independent certified public accountant. Organizations with annual gross revenue between \$750,000 and \$1,000,000 in the previous year must provide either a financial audit or a financial review performed by an independent certified public accountant. Organizations with annual gross revenue less than \$750,000 in the previous year have no requirement to provide financial audit information to the department.

(b) **Previous Year’s Total Fundraising:** Enter fundraising expenses incurred in soliciting contributions, gifts and grants. Fundraising expenses should include all allocable overhead costs incurred in: (1) publicizing and conducting fundraising campaigns; (2) soliciting bequests and grants from foundation or other organizations, or government grants; (3) participating in federated fundraising campaigns; (4) preparing and distributing fundraising manuals, instructions, and other materials; (5) salaries; and (6) conducting special events that generate contributions. If filed federal Form 990 or 990EZ, enter the amount as reported to the IRS.

(c) **Previous Year’s General Administrative Cost:** Enter administrative expenses incurred for overall function and management, rather than for its direct conduct of fundraising activities or program services. Overall management includes the salaries and expenses of the chief officer of the organization and that officer’s staff. If part of their time is spent directly supervising program services and fundraising activities, their salaries and expenses should be allocated among those functions. If filed federal Form 990 or 990EZ, enter the amount as reported to the IRS.

Section VI - Total Purchases and Sales Made in Virginia

Question 10

Part 1 Enter the dollar amount of the tangible personal property purchased in Virginia by your organization for the next year, the current year, and the preceding year. Do not include the sales tax. Enter zero if no purchases were made by your organization. Exclude goods for resale, motor vehicles and fuel, services, salaries, insurance, utilities, postage/shipping, rent/mortgage payments, depreciation, and interest charges. Estimates are acceptable. **Do not leave any fields blank. See below for the definition of tangible personal property.**

Part 2 Enter the dollar amount excluding sales tax of tangible personal property sold by your organization for the next year, the current year, and the preceding year. If no sales were made by your organization, enter zeros. Exclude goods for resale, motor vehicles and fuel, services, salaries, insurance, utilities, postage/shipping, rent/mortgage payments, depreciation, and interest charges. Estimates are acceptable.

Definition of Tangible Personal Property – is any items that can be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. This includes all items purchased by the organization for its use or consumption. The term “tangible personal property” shall not include stocks, bonds, notes, insurance or other obligations or securities. The term tangible personal property shall include telephone calling cards upon their initial sale, which shall be exempt from all other state and local utility taxes.

Question 11 Federal Form 990 or 990EZ Requirement: Check the appropriate box if you are required to file a federal Form 990 or 990EZ. If you are required to file federal Form 990 or 990EZ, submit a copy with your application. If you are not required to file, you must provide the names, addresses and telephone numbers of only two members from the organization’s Board of Directors.

Question 12 Solicitation of Contribution Requirement: Check the appropriate box if your organization intends to solicit contributions in the Commonwealth. If yes, may be required to register with the Virginia Department of Agriculture and Consumer Services (VDACS). You must attach documentation that reflects registration with VDACS if required. You may contact VDACS at (804) 786-2042 for more information or visit their web page at <http://www.vdacs.virginia.gov/allforms.html#Consumer>.

Section VII - Signature

This section must be completed.

Read the statement and complete the section if you are authorized to sign the application. If not, have the application signed and dated by an authorized person. Unsigned or improperly signed applications will be returned unprocessed.

CHECKLIST

Please make sure all questions are answered and that the following documents are included with the application, if required:

- ✓ 501(c)(3) or 501(c)(4) - IRS Determination Letter if required
- ✓ Independent Financial Audit or Review from an Independent Certified Public Accountant
- ✓ Mission Statement, Articles of Incorporation or Statement of Purpose
- ✓ Federal Form 990, 990EZ or substitute form
- ✓ Proof of Chapter 5 Compliance- Solicitation of Contributions
- ✓ Authorized Representative’s Signature

MAILING INFORMATION

Virginia Department of Taxation
Office of Customer Services
Nonprofit Exemption Unit
Post Office Box 27125
Richmond, Virginia 23261-7125

Virginia Department of Taxation
Office of Customer Services
Nonprofit Exemption Unit
600 East Main Street
Richmond, Virginia 23219

Organizations Exempt From Collecting the Sales Tax or Exempt on the Purchases of Taxable Services as of June 30, 2003

Please select only one if required.

1. Aid and assist: (1) the blind or visually impaired or for programs devoted to the prevention of the loss of eyesight; (2) the deaf or hearing impaired; drug abusers and for drug awareness programs; (3) diabetics and diabetes detection; and (4) cultural and educational opportunities for the musical talented boys and girls of the Commonwealth, for use in fund-raising activities, provided the net proceeds (gross receipts less expense) from such sales are contributed directly to or used to fund the charitable purposes for which the organization is organized (**e. g., Lions Club**).

2. Cancer Organizations

Organized exclusively for the purpose of eliminating cancer as a major health problem by preventing cancer, saving lives from cancer, and diminishing suffering from cancer through research, education and service.

3. Cardiovascular Organizations

Organized and operated exclusively for the purposes of providing education, training, certification in emergency cardiac care, research, and other related services to reduce disability and death from cardiovascular diseases and stroke.

4. Diabetes Organizations

Organized and operated exclusively for the purpose of eliminating diabetes through medical research, public education focusing on disease prevention and education, patient education including information on coping with diabetes, and professional education and training.

5. Exempt on Taxable Services

Certain nonprofit organizations exempt from paying sales tax on taxable services as of June 30, 2003, may continue to make purchases of taxable services exempt of the tax (e.g., Junior Achievement organizations, Skills USA-Vica, Inc., Future Business Leaders of America). **This applies only to those organizations exempt as of June 30, 2003.**

6. Food Banks

Food bank or organization organized exclusively for the distribution of foods to infants, the ill, or the needy; the exemptions shall apply to each transaction in the chain of commerce from manufacture to final disposition, provided that such food bank or organization is not conducted for profit.

7. Fundraising For Elementary or Secondary Schools (e.g., Parent Teacher Association)

A nonprofit elementary or secondary school, or Parent Teacher Association or other group associated with a nonprofit elementary or secondary school for use in fund-raising activities, the net proceeds (gross receipts less direct expenses) of which are contributed directly to the school or used to purchase certified school equipment, and certified school equipment purchased by such groups for contribution directly to the school. For the purposes of this subdivision, "certified school equipment," means equipment for which the Parent Teacher Association or other group has received certification from the school that it will accept as a donation of equipment. The certification provided by the school shall be in accordance with regulations promulgated by the Tax Commissioner. Notwithstanding the other provisions of this subdivision, the tax shall not apply to the sale of class rings, school photographs, and other fund-raising programs from which a nonprofit elementary or secondary school receives a commission or the net proceeds after the payment of vendors and other direct expenses.

8. Lung Organizations

Organized and operated exclusively for the purpose of eliminating all lung disease, including asthma, emphysema, lung cancer and pneumonia, through medical research, public education focusing on disease prevention and education, patient education including information on coping with lung disease, smoking and air pollution prevention, and professional education and training.

9. Noncommercial Educational Telecommunications Entity

Organized to encourage the growth and development of public radio and television broadcasting, including the use of such media for instructional, educational, and cultural purposes.

10. Nonsectarian Youth Organizations (e.g., Boys and Girls Scouts)

Nonsectarian youth organization, which is organized for the purposes of the character development and citizenship training of its members using the methods now in common, use by Girl Scout or Boy Scout organizations in Virginia.

11. Nutrition Programs

Nonprofit nutrition programs for the elderly qualifying under 42 U.S.C. § 3030e through 42 U.S.C. § 3030g, as amended, as administered by the Virginia Department for the Aging, and the food and food products sold under such programs to elderly persons and the food and food products sold by such program participants to disabled or handicapped persons under the age of sixty.

12. Physical Education Programs

Nonprofit charitable organization which is organized exclusively to foster, sponsor and promote physical education, athletic programs and contests for youths in the Commonwealth.

13. Provide Food Packages At Reduced Prices

Organized for the purpose of providing food packages at a reduced price through host organizations (i.e., churches, community centers, senior centers, medical centers, Head Start programs) to individuals who agree to perform community service.

14. Supports Public Libraries

Organized exclusively for the purpose of providing support to public libraries.

15. Training and Education In Law Enforcement

Exclusively provides either training and education of any type or duration for employees of governmental law-enforcement and corrections agencies or education of the public in citizen cooperation with public authorities in crime prevention and solution, provided such foundation is nonprofit.

16. Virginia Federation of Humane Societies

Virginia Federation of Humane Societies or any chartered, nonprofit organization incorporated under the laws of this Commonwealth and organized for the purpose of preventing cruelty to animals and promoting humane care of animals, when such property is used for the operation of such organizations or the construction or maintenance of animal shelters.

17. Volunteer Fire Department and Rescue Squads

Volunteer fire departments or volunteer rescue squads, an auxiliary or junior organization of such department or squad not conducted for profit; a nonprofit association of which the regular membership is composed of such volunteer fire departments or volunteer rescue squads. The organizations shall be exempt on construction materials incorporated into realty when sold to and used by such organization, rather than a contractor, in construction, maintenance, or repair of any property of such organization.

18. Volunteer Medical Service Organizations

Provide reconstructive surgery and related health care to indigent children and young adults in developing countries and the United States.

19. Youth Symphony Orchestras

Organized exclusively to foster, promote and increase the musical knowledge, appreciation, experience and performing ability of young people and of the general public, by establishing, maintaining and operating one or more youth symphony orchestras in the Commonwealth.