

# Comptroller of Public Accounts





**Comptroller of Public Accounts**

**Exempt Organizations  
Sales and Purchases**

# Before We Start...

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# Sales Tax

- Nonprofit that sells taxable goods or services must obtain a sales tax permit and collect and remit the sales tax.
- Selling entity is a retailer or seller and responsible to collect, report and remit the tax.
- Sales of tangible personal property are taxable unless an exemption exists for the item.
- If a sale is made for which an exemption is not available, then tax is due.

# Did you know?

- Nonprofit and tax exempt not the same.
- Nonprofit may or may not be exempt from federal taxes.
- Contact IRS for federal income tax information at (877) 829-5500 or visit IRS website at [www.irs.gov](http://www.irs.gov).

# Did you know?

- Sales tax exemption not automatic - application to Comptroller's office is required.
- <http://window.state.tx.us/taxinfo/exempt/index.html>
- (800) 252-5555 Tax Assistance
- [exempt.orgs@cpa.state.tx.us](mailto:exempt.orgs@cpa.state.tx.us)



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

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*Making it fast and easy  
to do business with*  
**Texas**



## Most Popular

- [Sales & Use Tax](#)
- [Franchise Tax](#)
- [Local Property Tax](#)
- [Local Sales & Use Tax](#)
- [Property Tax Forms](#)
- [Vendor Payment Search](#)
- [TEXNET - Electronic Payment Network](#)
- [Unclaimed Property Auctions](#)

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*Electronic Reporting and Paying*

## I Want To...

- [File/pay sales and other taxes with WebFile](#)
- [Search for unclaimed property](#)
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- [Get information about a Texas tax](#)
- [Obtain a Certificate of Account Status](#)
- [Apply for a sales tax permit](#)
- [Sell to the State of Texas](#)

## Highlights



**A single set of books for Texas >>**

### ProjectONE Website

ProjectONE is a statewide initiative to create a single set of books for Texas. Get information on the project background, participating state agencies and key milestones on the new ProjectONE website.



[View Comptroller Publications and Reports](#)

# Texas Taxes

## I Want To...

- ▶ [File Online with WebFile](#)
- ▶ [Get franchise tax information](#)
- ▶ [Get a Certificate of Account Status](#)
- ▶ [Get Tax Requirements for Secretary of State Filings](#)
- ▶ [Access electronic reporting](#)
- ▶ [Go to the State Tax Automated Research System \(STAR\) System](#)

## Filing and Paying

- [Sales Tax Permit Application](#)
- [File Online with WebFile](#)
- [Electronic Reporting and Fund Transfers](#)
- [Exempt Organizations](#)
- [Enterprise Zone Program](#)
- [Refunds](#)
- [Tax Forms](#)
- [P.O. Boxes for Tax Reports](#)

## Tax Resources

- [Tax Publications](#)

## Overview of Texas Taxes

The Texas Comptroller's office serves the state by collecting more than 60 separate taxes, fees and assessments, including local sales taxes collected on behalf of more than 1,400 cities, counties and other local governments around the state. State taxes and fees will generate an estimated \$77.5 billion in the state's 2008-09 budget period.

## Tax Assistance and Customer Service Response Times

We are committed to responding to calls and e-mails as quickly as possible. See our [call tips](#) and [peak schedule](#) for details on factors that may impact response times.

## Taxes and Fees

- |   |  |
|---|--|
| <a href="#">911 Emergency Service Fee</a>   | <a href="#">Loan Administration Fee</a>  |
| <a href="#">911 Equalization Surcharge</a>  | <a href="#">Local Property</a>   |
| <a href="#">911 Prepaid Wireless Emergency Service Fee</a>                            | <a href="#">Local Sales &amp; Use</a>  |
| <a href="#">911 Wireless Emergency Service Fee</a>                                    | <a href="#">Manufactured Housing</a>   |
| <a href="#">Automobile Burglary and Theft Prevention Authority (ABTPA) Assessment</a> | <a href="#">Miscellaneous Gross Receipts</a>                                   |
| <a href="#">Automotive Oil Sales Fee</a>  | <a href="#">Mixed Beverage Tax</a>   |
| <a href="#">Bank Franchise</a>  | <a href="#">Motor Fuels Transporters</a>                                       |
| <a href="#">Battery Sales Fee</a>   | <a href="#">Motor Vehicle - Gross Rental Receipts</a>                          |
| <a href="#">Boat &amp; Boat Motor</a>   | <a href="#">Motor Vehicle - Local Sports and Community Venue Sales and Use</a> |



## Most Popular

- [Tax Forms](#)
- [Franchise Tax](#)
- [Sales & Use Tax](#)
- [Local Sales & Use Tax](#)
- [Property Tax](#)

## Taxes and Fees

Alphabetical listing of all Texas taxes, fees, and assessments.



## Texas Taxes



### Forms

- [Tax-Exempt Forms](#)
- [Sales and Use Tax Exemption Certificate \(PDF\)](#)
- [Hotel Tax Exemption Certificate \(PDF\)](#)

### Resources

- [Publications](#)
-  [Frequently Asked Questions](#)
- [Search Tax-Exempt Entities](#)
- [State Tax Automated Research \(STAR\) System](#)

### Tax News

- [Tax Seminars](#)
- [Tax Mailings](#)
- [Tax Policy News](#)

## Exemptions for Qualified Organizations

The Texas Tax Code provides tax exemptions for certain qualifying organizations, including 501(c) organizations; educational, religious and charitable groups; qualifying homeowners associations; and various other categories.

Organizations are not automatically exempt from tax. Organizations [must apply for exemption](#) with our office.

Depending on the category of exemption for which it qualifies, an organization may be granted exemption from sales, franchise or hotel tax.

Although sales tax exemptions apply to *purchases* necessary to an organization's exempt function, the exempt organization must collect tax on most of its *sales*. See [Exempt Organizations — Sales and Purchases \(Pub. 96-122\)](#) (PDF, 405KB) for more information.



### How to Apply

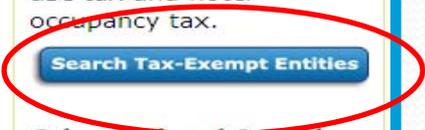
To apply for exemption, an organization must complete the appropriate application form for its exemption category listed below and send it to our office with the required documentation described in [Guidelines to Texas Tax Exemptions \(Pub. 96-1045\)](#).

An organization must show by clear and convincing evidence that it qualifies for exemption as that exemption is defined in Texas law and rules.

Applications submitted **without** the required documentation will **be returned**.

### Exempt Search and Verification

Search our records and obtain online verification of an organization's exemption from Texas franchise tax, sales and use tax and hotel occupancy tax.



[Search Tax-Exempt Entities](#)

### Other Related Search Tools

#### Franchise Tax Account Status (Good Standing) Search

The Taxable Entity Search on the [Certificate of Account Status](#) page will indicate if a corporation searched is in good standing.

#### Property Tax Exemption Status Search

Organizations engaged primarily in [charitable activities under Tax Code Sec. 11.18\(d\)](#) may be eligible for a [property tax determination letter](#). To find out if an organization has been issued a

 **Exempt Organizations**

- 96-122 Exempt Organizations - Sales and Purchases (PDF)
- 96-1045 Guidelines to Texas Tax Exemptions
- 96-224 Hotel Occupancy Tax Exemptions
- 94-166 Local Option Property Tax Exemption for Charitable Organizations
- 94-183 School Fundraisers and Texas Sales Tax (PDF)

**Fireworks Tax**

- 94-162 Fireworks (PDF)

**Franchise Tax**

- 98-806 Franchise Tax Overview
- 98-862 Franchise Tax Reporting Tips for Combined Groups (PDF)
- 96-114 The Texas Franchise Tax on Corporations  
(applies to reports originally due before January 1, 2008)
- 98-892 Which forms should I file? (PDF)
- 98-861 Why did you receive this notice? (PDF)

**Fuels Tax**

- 98-685 Changes and Deadlines for Motor Fuels Tax Refund Claims
- 98-661 How to Claim a Tax Refund for Gasoline Used in Off Highway Equipment (PDF)
- 98-796 January 1, 2006, Reminder Concerning Motor Fuel Exported or Sold for Export to Another State (PDF)
- 96-727 Motor Fuels Tax Legislative Update
- 96-727-2 Motor Fuels Tax Reminder
- 98-723 Reminder to Dyed Diesel Fuel Bonded Users Recordkeeping Requirements



# Texas Taxes

## Forms

- [Tax-Exempt Forms](#)
- [Sales and Use Tax Exemption Certificate \(PDF\)](#)
- [Hotel Tax Exemption Certificate \(PDF\)](#)

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- [Frequently Asked Questions](#)
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- [Tax Seminars](#)
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# Did you know?

- A “sales” tax exemption is not the same as an exemption from motor vehicle sales tax.
- In most cases a nonprofit organization must pay motor vehicle tax on its purchase, lease or rental of a motor vehicle.

# Motor Vehicle Tax

- Church Transportation
- Certain 24/7 Child Care Facilities
- Volunteer Fire Departments and  
Emergency Medical Services  
Providers
- Federal, State and Local Public  
Agencies

# Motor Vehicle Tax

Gift Tax (\$10) applies to donation of vehicle to *or* from a 501(c) nonprofit.

## Questions?

- Comptroller Motor Vehicle Tax Specialist  
(800) 252-1382 or e-mail  
tax.help@cpa.state.tx.us.
- Texas Department of Motor Vehicles (TxDMV)  
(888) 368-4689 Website: <http://www.txdmv.gov/>
- Local County Tax Assessor-Collector



**SALES**

# Sales Tax

- No sales tax permit required for nonprofit organization if **all** sales are not taxable.
- Sales tax permit required if **any** sales are taxable.
- Use of exemption certificate or resale certificate to purchase taxable items tax free for resale at a tax free sale.
- Common situation where the nonprofit organization may appear to be the seller, but is not.

# Fundraising Companies

## Sales Tax Rule 3.286(d)(6)

- Nonprofit acts as sales representative for a profit fundraising company.
- Uses marketing materials (catalog, brochures, sales form) of the profit fundraising company.
- Profit fundraising company coordinates the fundraising event.
- Fundraising company is the seller.

# Fundraising Companies

## Sales Tax Rule 3.286(d)(6)

### Fundraising Company

- Has all tax collection responsibility; reports and remits tax to Comptroller.
- Instructs nonprofit on how to collect tax.
- May price taxable items tax included or collect tax on sales price.
- Local tax is based on location of nonprofit organization.

# Fundraising Companies

## Sales Tax Rule 3.286(d)(6)

### Nonprofit Organization

- No tax responsibility other than to forward tax collected to fundraising company.
- Does not issue exemption or resale certificate to fundraising company.
- Does not count against one-day, tax-free sale day.

# Two Tax-Free Sales Days

A 501(c) (3), (4), (8), (10), (19) group, or charitable/educational/religious organization may:

- Hold 2 tax-free sales days, with each day 24 consecutive hours only,
- Can be back-to-back days for 48 hours,
- Designate tax-free in advance,
- Notify customers of tax-free sale.

# Two Tax-Free Sales Days

- Items for \$5,000 or less (can exceed if manufactured by nonprofit or not sold to donor)
- Count as a joint sale for both groups
- Can't collect the tax and keep it under the “tax-free sale” provision
- Issue resale or exemption certificate to purchase taxable items for resale
- Reporting

# Two Tax-Free Sales Days

- Advanced orders, pre-orders/pre-sales, orders taken over a period of time with delivery at a later date.
- Surplus inventory
- “Sold out” items

# Bona Fide Chapter?

- Bona = good
- Fide = faith
- Chapter = local branch

# Bona Fide Chapter of a Nonprofit Organization

- Authentic branch of an organization,
- Organized by electing officers,
- Holding meetings,
- Conducting business,
- Activity other than a tax-free sale.

# Bona Fide Chapter Examples

- School
- Church
- General nonprofit organization

# Please note...

- Not all sales tax exempt organizations can hold the 2 one-day, tax-free sales (e.g., youth athletic groups, volunteer fire departments and chambers of commerce).
- But, possible if group also qualifies for exemption as a 501(c)(3), (4), (8), (10) or (19) organization and basis for sales tax exemption is reclassified.



# **Nontaxable Items and Services**

# Intangibles

No sales tax on the sale of intangibles:

- Gift certificates,
- Gift cards,
- Passbooks,
- Coupon books,
- Raffle tickets? Beware!
- [www.oag.state.tx.us](http://www.oag.state.tx.us)

# Nontaxable Food Products

- Boxes of fresh fruit
- Frozen cookie dough, pizza kits (pizza only--not tools)
- Mixes to be prepared at home (e.g., soup, dessert, bread, dip, pancake)
- Meat sticks, cheese spreads & balls
- Bottled sauce, salsa, jelly, syrup

(Comptroller Rule 3.293)

# Exempt Baked Goods

- Bakery products are exempt unless sold with plates or other eating utensils.
- Pies, cakes, cookies, doughnuts, pigs-in-a-blanket, biscuits, bagels, baked goods with ingredients baked inside.
- Eating utensils include plates, bowls, spoons, knives, forks.

(Comptroller Rule 3.293)

# Annual Food Sale

**All** volunteer nonprofits may hold tax-free food sale if:

- Not professionally catered,
- Not held in a restaurant or hotel,
- Not in competition with a retailer &
- Food prepared by group's members.
- No alcoholic beverage sales.

# Magazine Subscriptions

Magazines entered as periodical class mail & sold for *6 months* + are exempt. Single issues and subscriptions less than 6 months are taxable, unless an exempt writing.

(Comptroller Rule 3.299)

# Nontaxable Services

For example:

- Carwash
- Pet sitting or walking
- Baby sitting
- Face painting
- Cosmetology services

# Sales Tax Holiday

August 17 – 19, 2012

- Most clothing & footwear under \$100
- Backpacks for elementary/secondary
- Specific school supplies for elementary/secondary
- Not computers or computer bags
- Rule and Publication 98-490 being updated
- Watch for “Tax Policy News” article

(Comptroller Rule 3.365)

# Donations

- Donations not taxed, but take care in giving an item for the “donation” (baseball cap = donation amount).
- When is a donation a “sale”?

# Did you know?

- *Anyone* may purchase taxable items to donate to an exempt entity tax-free with exemption certificate [151.310 (a)(1) & (2)].
- Item may not be used first (e.g., purchase and donate musical instruments to a school).
- Seller may donate unused inventory.

(Comptroller Rules 3.285 and 3.287)



# **Specific Exemptions By Organization Type**



**Meals and Drinks**  
**(including candy and soft  
drinks)**

## Meals & Drinks Tax-Free 151.314

No tax on **meals, food or drinks** if

- Sold by church or church function
- Sold by school group during *regular school day* (school, district, student group, PTA)
- Sold by a PTA/PTO during fundraiser

## Meals & Drinks Tax-Free

- Sold by group associated with a school if fundraiser sponsored by the organization (booster club concession)
- Sold by member or volunteer of group providing educational/physical/religious training for persons under 19 (little league concessions; candy sales)

(Comptroller Rule 3.293)



# **Amusement Services**

# Amusement Services

- Amusement services are exempt if nonprofit - other than IRC 501(c)(7) - provides and does not benefit one individual.
- Nonprofit may hire a for-profit to “produce” the amusement if nonprofit held out as “provider” in brochures, flyers, tickets, ads, etc.
- Normally taxable amusement may qualify for exemption based on location where event occurs.

(Comptroller Rule 3.298)



# **Exempt Writings**

# Exempt Writings

- No sales tax on periodicals and writings published *and* distributed by nonprofit religious, philanthropic, charitable, historical, scientific or other similar organization.
- Similar organization = 501(c)(3).
- Does not include educational group.

# Exempt Writings

- No tax on printed reading materials, audiotapes, videotapes, computer disks (books, Bibles, newsletters, magazines, music).
- Include tax on items that primarily serve other purposes (bookmarks, clothing, posters).

(Comptroller Rule 3.299)



# **Volunteer Fire Departments**

# Volunteer Fire Departments

- Expires September 1, 2014.
- VFD must be exempted from payment of sales tax to qualify.
- Online verification or call Exempt Organizations Section at (800) 531-5441.
- 10 per calendar year. No more than 72 hrs.
- Count as a sale for each group if jointly held.

[Tax Code Section 151.310(c-1)]

# Exempt Organization Verification

**Call** (800) 252-5555 Tax Assistance

**Email** [exempt.orgs@cpa.state.tx.us](mailto:exempt.orgs@cpa.state.tx.us)

**Online** verification at

[www.window.state.tx.us/taxinfo/exempt/index.html](http://www.window.state.tx.us/taxinfo/exempt/index.html)



# **Senior Citizens Groups**

# Senior Citizens Groups

- Exempts taxable items manufactured, made or assembled by person 65 years or older.
- Fundraising sale held or sponsored by nonprofit organization to provide assistance to elderly persons.
- Proceeds can go to organization, senior who produced the taxable item or both.
- Maximum 4 fundraising events per calendar year for a total of no more than 20 days.
- No registration required.

(Comptroller Rule 3.316)



# **Student Organizations (Higher Education)**

# Student Organizations (Higher Education)

- 1 day, tax-free sale per month.
- Fundraiser for school certified group, if group not formed primarily for profit.
- Items for \$5,000 or less (can exceed if manufactured by organization or not sold to donor).
- Also exempts first \$5,000 of other sales of taxable items.

(Comptroller Rule 3.316)

# Certification by School

School mails listing to:  
Exempt Organizations Section  
Tax Policy Division  
Post Office Box 13528  
Austin, Texas 78711-3528

Questions?

**Call** (800) 252-5555

**Email** [exempt.orgs@cpa.state.tx.us](mailto:exempt.orgs@cpa.state.tx.us)



# **Nonprofit Animal Shelters**

# Nonprofit Animal Shelters

- Nonprofit animal shelter is a facility that keeps or legally impounds stray, homeless, abandoned or unwanted animals.
- No tax due on the sale of the animal, including the acceptance of an adoption fee.
- Accessories taxable.

(Comptroller Rule 3.316)



# **Sales Tax Permit**

# TEXAS SALES AND USE TAX PERMIT

*This permit is not transferable, and this side must be prominently displayed in your place of business.*

*Merchants: A copy of this permit does not replace a resale or exemption certificate. You will be responsible for sales tax unless you have a valid resale/exemption certificate on file.*

*You must obtain a new permit if there is a change of ownership, location, or business location name.*

TAXPAYER NAME, BUSINESS LOCATION NAME, and PHYSICAL LOCATION

JANE DOE

JANE'S PLACE  
111 E 17TH ST  
AUSTIN

TX 78701-0100

Type of permit	<b>SALES AND USE TAX</b>
Taxpayer number	<b>32000000001</b>
Location number	<b>00001</b>
First business date	<b>01/01/06</b>

NAICS CODE: 451220

Prerecorded tape, compact disc, and record stores

We show this business in the following tax authorities

CITY: AUSTIN

TRANSIT: AUSTIN MTA

EFFECTIVE: 01/01/2006

EFFECTIVE: 01/01/2006

SUSAN COMBS

Comptroller of Public Accounts



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*Making it fast and easy  
to do business with*

# Texas



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**web file**  
Online Tax Filing

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## Highlights



**A single set of books for Texas >>**

### ProjectONE Website

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[View Comptroller Publications and Reports](#)



# **Resale & Exemption Certificate**

# Texas Resale Certificate

- Issue resale certificate when nonprofit organization purchases merchandise for resale.
- Tax is due if you don't resell, but use the item.
- Number must consist of 11 digits that begin with a 1 or 3. The 9 digit Federal Employer Identification (FEI) number or social security number not acceptable evidence of resale.

(Comptroller Rule 3.285)

**TEXAS SALES AND USE TAX RESALE CERTIFICATE**

Name of purchaser, firm or agency as shown on permit <b>High School PTA</b>	Phone (Area code and number) <b>555-555-5555</b>
Address (Street & number, P.O. Box or Route number) <b>2468 Pep Rally Way</b>	
City, State, ZIP code <b>My Town, Texas 77777</b>	
Texas Sales and Use Tax Permit Number (must contain 11 digits) <b>3 2 1 2 3 4 5 6 7 8 9</b>	
Out-of-state retailer's registration number or Federal Taxpayers Registry (RFC) number for retailers based in Mexico  (Retailers based in Mexico must also provide a copy of their Mexico registration form to the seller.)	

I, the purchaser named above, claim the right to make a non-taxable purchase (for resale of the taxable items described below or on the attached order or invoice) from:

Seller: **We've Got Spirit**

Street address: **111 Chant Lane**

City, State, ZIP code: **Your Town, Texas 77777**

Description of items to be purchased on the attached order or invoice:

**120ct - 3inch "Beat the Tigers" buttons.**

Description of the type of business activity generally engaged in or type of items normally sold by the purchaser:

**Sales of spirit items by school PTA**

The taxable items described above, or on the attached order or invoice, will be resold, rented or leased by me within the geographical limits of the United States of America, its territories and possessions or within the geographical limits of the United Mexican States, in their present form or attached to other taxable items to be sold.

I understand that if I make any use of the items other than retention, demonstration or display while holding them for sale, lease or rental, I must pay sales tax on the items at the time of use based upon either the purchase price or the fair market rental value for the period of time used.

*I understand that it is a criminal offense to give a resale certificate to the seller for taxable items that I know, at the time of purchase, are purchased for use rather than for the purpose of resale, lease or rental, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.*

sign here ▶	Purchase <b>John Doe</b>	Title <b>Secretary</b>	Date <b>8-12-08</b>

This certificate should be furnished to the supplier. Do **not** send the completed certificate to the Comptroller of Public Accounts.

# Texas Exemption Certificate

The exemption certificate does not require a tax number to be valid.

(Comptroller Rule 3.287)

**TEXAS SALES AND USE TAX EXEMPTION CERTIFICATION**

Name of purchaser, firm or agency <b>HIGH SCHOOL PTA</b>	
Address (Street & number, P.O. Box or Route number) <b>2468 Pep Rally Way</b>	Phone (Area code and number) <b>555-555-5555</b>
City, State, ZIP code <b>My Town, Texas 77777</b>	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: **Party Goods USA**

Street address: **145 Party Way** City, State, ZIP code: **Any Town, Texas 88888**

Description of items to be purchased or on the attached order or invoice:  
**Plastic Cups, Paper Napkins, Paper Plates, Plastic Forks and Spoons.**

Purchaser claims this exemption for the following reason:

**Items purchased by High School PTA, an Educational Organization, for use at the annual Back to School event.**

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.

*I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.*

sign here ▶	Purchaser <b>John Doe</b>	Title <b>V.P.</b>	Date <b>8-1-08</b>
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.  
 THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.  
 Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

This certificate should be furnished to the supplier. Do **not** send the completed certificate to the Comptroller of Public Accounts.

## Texas Sales and Use Tax Exemption Certification

This certificate does not require a number to be valid.

Name of purchaser, firm or agency <b>Good Works</b>	
Address (Street & number, P.O. Box or Route number) <b>2468 Non-Profit Way</b>	Phone (Area code and number) <b>555-555-5555</b>
City, State, ZIP code <b>Any Town, Texas 77777</b>	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: Anything & Everything Inc.

Street address: 111 No Name Way City, State, ZIP code: Another Town, Texas 77777

Description of items to be purchased or on the attached order or invoice:

**120ct Bluebonnet T-shirts**  
**120ct Armadillo T-shirts**  
**120ct Misc Postcards**  
**300 ct Assorted Sterling Silver Charms**

Purchaser claims this exemption for the following reason:

**Qualified nonprofit IRC Section 501(c)(3) organization purchasing items for resale at one of its two one-day, tax-free sale days.**

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.

*I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.*

<b>sign here</b>  Purchaser <b>John Doe</b>	Title <b>Member</b>	Date <b>9-1-10</b>
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.

**THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.**

Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

This certificate should be furnished to the supplier. Do **not** send the completed certificate to the Comptroller of Public Accounts.



# Tax Collection

# Texas Sales and Use Tax

- State sales and use tax rate is 6.25%.
- Local taxing jurisdictions (cities, counties, special purpose districts and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%.
- You will be required to collect and remit both state and local sales and use tax when applicable.

# Collection of Tax

- The rate to be collected is determined by the place of business or event location.
- The tax is collected on all items being sold that are not exempt.
- If you choose to include the tax in the sales price of the item, your customer must be told that the sales tax is included in the price.

# Backing Out Tax on Tax Included Sales

Use this formula to calculate the sales tax on tax included sales.

**SALES PRICE DIVIDED BY 1.(TAX RATE) = TAX  
BASE**

**SALES PRICE - TAX BASE = SALES TAX**

Example: Taxable item sells for \$11 including tax. Tax rate 8.25%.

$$\$11 / 1.0825 = \$10.16$$

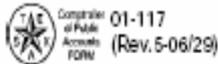
$$\$11 - \$10.16 = \$0.84 \text{ (tax)}$$

# Filing Sales Tax Returns

- Returns can be filed in person, by mail, or via the internet. “No tax due” returns can also be filed over the telephone.
- Returns are due Monthly, Quarterly *or* Yearly (based on qualifications) on the 20th day of the month following the end of the reporting period.
- Returns postmarked on the due date are considered timely. \$50 late filing penalty.

# Filing Sales Tax Returns

- You must file a return even if you do not get one in the mail.
- You must file a return even if you had no taxable sales for the period and do not owe any tax.
- You will receive an estimated billing if you fail to file a return.



01-117  
(Rev. 5-06/29)

# TEXAS SALES AND USE TAX RETURN

HHH

I. OUT OF BUSINESS DATE  
**DO NOT ENTER UNLESS**  
▼ *no longer in business.* ▼

a. ■ **26140** • Do not fold, staple or paper clip • Write only in white areas.

c. ■ Taxpayer number

3 2 1 2 3 4 5 6 7 8 9

d. Filing period

Month Ending 7/31/2006

g. Due date

8/21/2006

f. Outlet no./  
location ■

k. Outlet address (Do not use a P.O. box address)

123 Main St.  
Anywhere, Texas 78123

Taxpayer name and mailing address

John Doe  
425 ABC  
Anywhere, Texas 78123

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.

sign here ▶ Taxpayer or duly authorized agent  
*John Doe*

Date *8/19/2006* Daytime phone (Area code & no.) *555-555-5555*

Blacken this box ▶ if out of business or address has changed.

1. TOTAL SALES ■ (Whole dollars only) _____	8,000.00
2. TAXABLE SALES ■ (Whole dollars only) _____	1,000.00
3. TAXABLE PURCHASES + ■ (Whole dollars only) _____	150.00
4. Total amount subject to tax ■ (Item 2 plus Item 3) _____ =	1,150.00
5. Tax due - Multiply Item 4 by the combined tax rate (Include state & local) <u>0.082500</u>	94.88
6. TIMELY FILING DISCOUNT -	0.47
7. Prior payments -	0.00
8. Net tax due (Subtract Items 6 and 7 from Item 5.) =	94.41
9. Penalty & interest (See instructions) +	0.00
10. TOTAL AMOUNT DUE AND PAYABLE ■ (Item 8 plus item 9) _____ =	94.41

# Comptroller's Website

- [www.window.state.tx.us](http://www.window.state.tx.us)
- Website has all forms
- Statutes, rules, publications, faqs
- STAR research system



# Contact Us

Comptroller of Public Accounts

(800) 252-5555

or email

[tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us)