



This article presents general guidelines for Georgia nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.

GEORGIA SALES AND USE TAX EXEMPTIONS FOR NONPROFITS

Unlike some states, Georgia does not provide a general exemption from the payment of state sales and use tax for nonprofit organizations. To be exempt from Georgia state sales and use tax, a nonprofit must fit into a specific exemption category. This article describes some of the exemptions that may apply to nonprofit organizations.

I. Purchases By Nonprofit Organizations. The following types of purchases are exempt from sales and use tax:

A. Churches and Religious Institutions. A nonprofit, tax-exempt¹ church is exempt in the purchase of steeple bells and pipe organs. (Purchases of bibles, holy scripture, and other items for the church's own use are subject to sales and use tax.) O.C.G.A. § 48-8-3(15.1); Ga. Comp. R. & Regs. r. 560-12-2-.22.

B. Qualifying Child Caring Institutions. A nonprofit, tax-exempt *child-caring institution* (group home), *child-placing institution* (adoption agency), or *maternity home* licensed by the Georgia Department of Human Resources ("DHR") is exempt in the purchase of tangible personal property and services. O.C.G.A. § 48-8-3(41); Ga. Comp. R. & Regs. r. 560-12-2-.100.

1. Apply through Form ST-CH-1.

C. Healthcare Services.

1. A nonprofit, tax-exempt *in-patient nursing home*, *in-patient hospice*, *general hospital*, or *in-patient mental hospital* licensed by DHR is exempt in the purchase of tangible personal property and services used in performing treatment services. O.C.G.A. § 48-8-3(7); Ga. Comp. R. & Regs. r. 560-12-2-.50; Ga. Comp. R. & Regs. r. 560-12-2-.92.

a. Apply through Form ST-NH1.

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For purposes of this article, the term "tax-exempt" refers to organizations which are exempt from taxation under §501(c)(3) of the Internal Revenue Code.

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2. A nonprofit, tax-exempt organization whose primary function is to provide *services to the mentally retarded* is exempt in the purchase of tangible personal property and services. O.C.G.A. § 48-8-3(7.1).

a. Apply through letter application.

3. The purchase of lawfully prescribed drugs for the treatment of natural persons, insulin, insulin syringes, glucose level measuring strips, prescribed oxygen, prescribed durable medical equipment, prescribed prosthetic devices, prescribed mobility enhancing equipment, prescribed eyeglasses, prescribed contact lenses, and hearing aids is exempt. (Does not include over-the-counter drugs, drugs for animal use, or nonprescription eyeglasses.) O.C.G.A. § 48-8-3(47)(50)(51)(52); Ga. Comp. R. & Regs. r. 560-12-2-.30.

a. Must maintain documentation of the prescription.

b. For insulin syringes, blood glucose level measuring strips, and hearing aids, must maintain product documentation. O.C.G.A. § 48-8-3(50)(52).

4. A nonprofit, tax-exempt *blood bank* is exempt in the purchase of tangible personal property and services. O.C.G.A. § 48-8-3(46).

a. Apply through letter application.

D. Friends of the Library. A nonprofit, tax-exempt organization whose primary purpose is to raise funds for books, materials, and programs for public libraries is exempt in the purchase of tangible personal property and services. O.C.G.A. § 48-8-3(71).

1. Apply through letter application.

E. Schools.

1. Purchases of food, food ingredients, and prepared food to be sold to pupils and employees of a public school or a bona fide tax-exempt private elementary or secondary school as part of the school's *lunch program*. O.C.G.A. § 48-8-3(12)(13).

a. Private schools must apply through letter application.

2. A bona fide tax-exempt *private elementary or secondary school* (any combination of grades 1-12) is exempt in the purchase of personal property

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and services used exclusively in the educational function of the school.
O.C.G.A. § 48-8-3(10).

a. Apply through letter application.

F. Exempt purchases for resale may be made by providing the dealer a properly completed

Form ST-5 Certificate of Exemption.

II. Sales by Nonprofit Organizations. Generally, nonprofit organizations are required to collect sales tax on all sales of tangible personal property made by the organization.²

However, the following types of sales are exempt from sales and use tax:

A. Churches and Religious Institutions. Fundraising sales by a *religious institution or denomination* if total fundraising days are 30 or fewer in any one calendar year, when the proceeds from the sales are used for relief to the aged, church youth activities, religious instruction, or construction or repair of church buildings. O.C.G.A. § 48-8-3(15)(B).

B. Qualifying Child Caring Institutions. Fundraising sales by a nonprofit, tax-exempt *child-caring institution* (group home), *child-placing institution* (adoption agency), or *maternity home* licensed by DHR if total fundraising days are 30 or fewer in any one calendar year, and the proceeds from the sales are used for providing child services. O.C.G.A. § 48-8-3(41).

1. Apply through Form ST-CH-1.

C. Medical. Sales of lawfully prescribed drugs for the treatment of natural persons, insulin, insulin syringes, glucose level measuring strips, prescribed oxygen, prescribed durable medical equipment, prescribed prosthetic devices, prescribed mobility enhancing equipment, prescribed eyeglasses, prescribed contact lenses, and hearing aids is exempt. (Does not include over-the-counter drugs, drugs for animal use, or nonprescription eyeglasses.) O.C.G.A. § 48-8-3(47)(50)(51)(52); Ga. Comp. R. & Regs. r. 560-12-2-.30.

1. Must maintain documentation of the prescription.

² A nonprofit that does not have a sales tax number should remit collected sales tax using Form FS-32. A nonprofit that does have a sales tax number should report sales tax on the ST-3. These rules also apply to out of state nonprofits visiting Georgia.

2. For insulin syringes, blood glucose level measuring strips, and hearing aids, must maintain product documentation.

D. Girl or Boy Scouts. *Food sales* of a Girl or Boy Scout member in connection with fundraising activities. O.C.G.A. § 48-8-3(59)(A)(B).

E. Friends of the Library. Sales by a nonprofit, tax-exempt organization whose primary purpose is to raise funds for books, materials, and programs for public libraries. O.C.G.A. § 48-8-3(71).

1. Apply through letter application.

F. Schools.

1. Sales by a nonprofit, tax-exempt *parent teacher organization*, such as a PTA or booster club. (Purchases made by such organization for its own use are subject to sales and use tax.) O.C.G.A. § 48-8-3(56).

2. Sales by any *public or bona fide private school* (any combination of grades K-12) of tangible personal property, concessions, and tickets for admission to school functions if the net proceeds benefit the school or its students. Money raised must be used solely for the benefit of the school or its students. O.C.G.A. § 48-8-3(39).

3. Sales of food, food ingredients, and prepared food to pupils and employees of a public school or of a bona fide tax-exempt private elementary or secondary school as part of the school's *lunch program*. O.C.G.A. § 48-8-3(12)(13).

a. Private schools must apply through letter

application.

G. Casual Sales.

1. *Garage and yard sales*. Sales of tangible personal property not acquired by the seller for resale or for business-related operations.

2. *Property acquired for business-related operations*. Sales of tangible personal property acquired for business-related operations but not for resale that either

a. do not exceed a total selling price of \$500 in a calendar year; or

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b. are made during disposition of all the assets of a business location of the seller within a 30 day period (the business in its entirety is not required to liquidate). Ga. Comp. R. & Regs. r. 560-12-1-.07.

H. Gifts to Donors by a Nonprofit. When a nonprofit gives tangible property as a gift in exchange for a donation (for example, giving a coffee mug to a donor in exchange for a \$50 donation), the nonprofit must pay sales tax when it purchases that gift. However, the nonprofit does not have to collect sales tax when the gift is given in exchange for a donation. A nonprofit should maintain sufficient documentation of such an exchange to readily identify it as a donation and to show payment of sales or use tax on the gift. O.C.G.A. §§ 48-8-2, 48-8-30; Ga. Comp. R. & Regs. r. 560-12-2-.74.

III. For Forms and Additional Assistance

A. Forms. All forms referenced above can be found on the Georgia Department of Revenue website at http://dor.georgia.gov/documents/forms?field_form_type_tid=2876.

B. Letter Applications. Send letter applications to the Georgia Department of Revenue, attention Andrea Shepard, by mail to 1800 Century Boulevard NE, Suite 15311 Atlanta, Georgia 30345, or email to Andrea.Shepard@dor.ga.gov.

C. General Questions. Call the Business Service Unit at 1-877-423-6711 or visit the Georgia Tax Center website <https://gtc.dor.ga.gov/#1>.

D. Specific Questions. Contact Andrea Shepard at 404-417-6656 or Andrea.Shepard@dor.ga.gov.

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