

FYI – For Your Information

Sales Tax Exemption on School Related Items

GENERAL INFORMATION

Beginning September 1, 2008, sales made by schools, school activity booster organizations, and student classes or organizations are exempt from state sales tax if all proceeds of the sale are for the benefit of a school or school-approved student organization. [§39-26-725(2), C.R.S.]. Proceeds of sales by public school parent/teacher organizations can also be used for the reasonable expenses of the organization. [§39-26-718(1)(c), C.R.S.]

This state sales tax exemption includes, but is not limited to, fundraiser items such as gift wrap, bake sale goods, silent auction donation items, and booster club concession stand food items that are sold by the school or school-related organization.

DEFINITIONS

School means a public or nonpublic school for students in grades kindergarten through twelfth grade. Student means any person enrolled in a public or nonpublic K-12 school. Proceeds means the gross sales less actual cost of the item(s) sold.

LOCAL AND SPECIAL DISTRICT SALES TAX

This sales tax exemption does not apply to state-collected city and county local sales tax unless they have added the exemption to their ordinances. Refer to the DR 1002, Colorado Sales/Use Tax Rates, to find information on cities and counties that have enacted this exemption. This

exemption does apply to RTD/CD/FD special district sales tax and Regional Transportation Authority(RTA) sales tax.

If local tax must be collected, the tax should be calculated on the sales price. For silent auction donation items, the tax should be calculated on the lesser of the sales price or fair market value of the donation.

OBTAINING A LICENSE

In order to obtain items to sell for fundraising without paying tax to the vendor, school related organizations and PTO/PTA organizations should obtain a sales tax license if they do not already have one. New licensees should apply for a charitable sales tax license, which has a fee of \$8.00 and is renewed at the end of each odd-numbered year. There is no deposit for this license. Public schools should obtain a standard sales tax license. There is no fee or deposit requirement for public schools. Application for a license is made using form CR 0100, Colorado Business Registration.

FILING OF RETURNS

Groups that are not subject to local sales tax will not have any tax to report and should request a filing status of "Annual" when registering for a sales tax license. They will be able to easily file a zero return using our online Sales Tax ZeroFile system. Groups that are subject to local tax should file form DR 0100 quarterly or annually. You will receive forms provided by the Department of Revenue after you have registered.



Colorado Department of Revenue
Taxpayer Service Division
1375 Sherman St.
Denver, Colorado 80261

Forms and other services:
(303) 238-FAST (3278)
Assistance:
(303) 238-SERV (7378)

www.taxcolorado.com

FURTHER INFORMATION

FYIs, commonly used forms and additional tax information are available on the Web at *www.taxcolorado.com*

For additional sales tax information visit the Tax Information Index at *www.taxcolorado.com*

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.