

City of Colorado Springs

Tax Guide

Fundraising

CS CODE SECTION

2.7.104 Words and Phrases:
Charitable Organization
Retailer
2.7.404

Related Tax Guides

Charitable, Religious, and
Governmental Exemption

This guide provides an overview of specific subject matter and is not intended to be substituted for the full text within the City of Colorado Springs Tax Code.

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Question? email us at:
salestax@springsgov.com

Taxable Sales by Exempt Organizations

Fundraising is an activity that is usually associated with a tax-exempt organization. If an exempt organization is involved in the purchase or sale of tangible personal property for fundraising purposes, the purchase or sale of the property is taxable.

An exempt organization which makes retail sales of tangible personal property or taxable services is required to be licensed and collect city sales tax on the selling price of the tangible personal property.

Prizes, Premiums, and Gifts

The purchase of tangible personal property by organizations involved in fundraising for use as prizes, premiums, or gifts is subject to city tax on the total purchase price. If the organization is not charged city sales tax, city use tax is due on the purchase. Since the organization recovers the cost of the property through the fundraising activity, the property is not considered as being used in the conduct of the tax-exempt function of the organization. The tax-exempt status of the organization may not be used to purchase tax-free.

Banquets

Purchases of food and beverages provided at fundraisers by tax-exempt organizations are subject to sales or use tax if the final recipient reimburses the organization in any way. Examples include direct payment by the individual such as purchasing of a ticket, registration fee, membership fee, and/or making an involuntary contribution to attend the event.

Auctions

Organizations holding fundraisers or auctions where tangible personal property is sold to the highest bidder are required to collect sales tax on the selling price of the auctioned items. If prizes are donated to a tax-exempt organization for the auction, then the donor is required to pay city sales tax on the cost to acquire the property.



Common Examples

1. A local charity organizes a fundraiser for the purpose of helping children. As a way to increase participation in the fundraiser, the charity sells raffle tickets for door prizes. Sales or use tax is due from the charity on the purchase price it paid for each door prize.
2. A fundraising dinner is held at a local hotel for charity. The public may attend this fundraiser by paying \$50 per plate. The hotel will charge the charitable organization \$25 per plate. The hotel should collect sales tax on the price of the meal charged to the organization.
3. A church located in the City uses Thursday night bingo as a means of raising funds. Since participants pay to play, the church recovers its expenses for bingo supplies from those attending. The purchase of bingo supplies by the church is taxable. If the church purchases any other supplies for which it is reimbursed by those attending those purchases are also taxable. If the church sells any property to the attendees; such as food and drink, the church must collect city sales tax.