

## **Determining if Youth Organization Fundraising Sales Are Taxable**

This flowchart will help youth organizations determine if their fundraising sales are taxable. Examples of youth groups include Boy or Girl Scouts, 4-H, summer camps, booster clubs, etc. For more information, see the Nonprofit Organizations Industry Guide.

## **Start Here**

Is the seller a nonprofit organization that provides educational and social activities for youth, primarily age 18 and younger?

Sales are subject to sales tax if the items sold are taxable unless they meet the fundraising criteria No for general nonprofit groups.

See the general fundraising sales decision tree.

Is the seller a school-related, parent organization?

Examples include PTA, PTO, booster club, prom committee, or similar groups.

The organization needs to register for their own Minnesota Tax ID Number, separate from the school district.

However, continue through this flowchart to determine the taxability of the fundraising sales.

No

Is this a sale of candy?

Yes

Yes

The fundraising sales are exempt from sales tax without limitation to the amount of sales.

the fundraising sales

Are the fundraising sales run through a school district and both of these statements are true?

- The sales are for elementary or secondary student organizations to fund extracurricular activities such as sports, arts, etc.
- The school district reserves the revenue raised for extracurricular activities and the money raised for a specific activity is spent on that activity.

Charge sales tax on the fundraising sales if the items sold are taxable.

Note: Consider selling exempt items such as candy and gum; clothing; prepared foods served on school premises; tickets or admissions to regular season games, events, and activities.

Yes

Do fundraising receipts for the youth organization total more than \$20,000 for the calendar year?

Treat each club, association, or organization separately when applying the \$20,000 test.

Do not charge sales tax on the first \$20,000 fundraising sales.

Charge sales tax on items sold in excess of the \$20,000 threshold if the items sold are taxable.

No

Do not charge sales tax on these fundraising sales.