



Sales Tax Exemptions for Nonprofit Organizations

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IMPORTANT CHANGES

Increase in Standard 2 for entertainment provided at an event with admissions. Effective June 1, 2022, the standard to determine whether entertainment is involved at an admission event will increase from \$10,000 to \$50,000. See Part 4.B.

Purchases by nonprofit organizations. Effective February 20, 2021, organizations with a 501(c)(3) determination letter from the Internal Revenue Service may make purchases exempt from Wisconsin sales and use tax. See Part 6.

Marketplace providers and marketplace sellers. Information about transactions involving marketplace providers and marketplace sellers has been added to Part 4.A.

Several counties adopt the county tax. See the [Sales Tax Rate Chart](#).

Baseball stadium district tax ended March 31, 2020. Effective April 1, 2020, the 0.1% baseball stadium tax no longer applies to sales and purchases made in Milwaukee, Ozaukee, Racine, Washington, or Waukesha County. See the [Sales Tax Rate Chart](#).

1. INTRODUCTION

A nonprofit organization is required to charge Wisconsin sales tax on sales of taxable products and services, unless such sales are exempt occasional sales or are otherwise exempt. (See Part 3., "What is Taxable?") This publication explains the standards for determining whether sales by nonprofit organizations qualify for the occasional sale exemption. This publication also explains, in Part 6., whether purchases by nonprofit organizations are exempt.

Sales and purchases by nonprofit organizations that are subject to the 5% state sales or use tax may also be subject to the: (a) 0.5% county sales or use tax, (b) local exposition taxes, and (c) 0.5% (1.25% for the City of Wisconsin Dells and the Village of Lake Delton) premier resort area tax.

Additional information about these taxes is contained in the following:

- (1) [Sales Tax Rate Chart](#) – Chart lists the total state and county sales and use tax rate for each county.
- (2) [Publication 410](#), *Local Exposition Taxes*. Applies to sales of certain lodging, food and beverages, and car rentals in municipalities wholly or partially within Milwaukee County.
- (3) [Publication 403](#), *Premier Resort Area Tax*. Applies to sales by certain types of retailers of any of the products described in Part 3. in the premier resort areas.

2. WHAT IS A NONPROFIT ORGANIZATION?

For purposes of the occasional sale exemption described in Part 4, a nonprofit organization includes a neighborhood association, church, civic group, garden club, social club, or similar organization not organized for profit where no part of the net earnings inures to the benefit of any private shareholder or individual. A governmental unit is considered a similar organization for purposes of this exemption.

An individual cannot be a nonprofit organization. An individual is not an "organization," but an individual can create an organization.

3. WHAT IS TAXABLE?

Sales, licenses, leases, and rentals of tangible personal property, certain coins and stamps, certain leased property affixed to realty, and certain digital goods are taxable.

Certain services (e.g., parking, certain lodging, and admissions to amusement, athletic, entertainment, or recreational events) are also taxable.

There are exemptions from sales tax for the following admissions sold by nonprofit organizations:

- (1) Admissions to participate in any sports activity in which more than 50% of the participants are 19 years old or younger (e.g., participation fees paid to a nonprofit organization to play in a youth soccer league).
- (2) Admissions sold by a gun club, including the sale of a gun club membership, if the gun club is a nonprofit organization and if the gun club provides safety classes to at least 25 individuals in the calendar year.

For more information about which products are taxable, including a complete list of taxable services, see Part 10. of [Publication 201](#), *Wisconsin Sales and Use Tax Information*.

4. STANDARDS FOR THE OCCASIONAL SALE EXEMPTION

A nonprofit's sales are exempt from sales tax if **all** three standards listed below are met:

Standard 1: The organization is not engaged in a trade or business.

Standard 2: Entertainment is not involved at an event for which admissions are charged, except as noted in Part 4.B.(3).

Standard 3: The organization does not have and is not required to have a seller's permit, except as noted in Part 4.C.(1) to (3).

A. Standard 1: The organization is not engaged in a trade or business.

A nonprofit organization is **not** considered to be engaged in a trade or business if either of the following tests are met:

- (1) 75-Day Test - Its sales of otherwise taxable products and services and events occur on 75 days or less during the calendar year, regardless of the dollar amount of sales. For sales involving pre-orders or sales of event tickets, only the delivery days or actual days of the events are counted, not the days preorders are taken or the days of ticket sales.

Example 1: Boy Scout Troop takes orders for Christmas wreaths from October 1 through November 1. The wreaths are delivered by the Troop on December 15 and 16. For purposes of determining whether its events meet the 75-day test, Boy Scout Troop should count the days of delivery (i.e., December 15 and 16), rather than days orders are taken.

Example 2: Nonprofit Organization holding a 3-day event offers tickets for sale three months prior to the actual event. The three days of the actual event are counted towards the 75-day test, not the days the tickets are offered for sale.

- (2) \$50,000 Receipts Test - Its receipts for the calendar year are \$50,000 or less, regardless of the number of days on which its sales or events occur. Receipts means the sales price from all sales in Wisconsin of otherwise taxable products and services after subtracting allowable exemptions.

A nonprofit organization does **not** include sales facilitated by a marketplace provider in determining if it exceeds the \$50,000 receipts test. However, a nonprofit organization that is a marketplace provider does include its receipts in determining if it exceeds the \$50,000 receipts test. A marketplace provider is any person who facilitates a retail sale on behalf of another seller by listing or advertising for sale, in any manner, the seller's taxable products or services, and, who directly or indirectly, processes the payment from the purchaser, regardless of whether the person receives compensation or other consideration in exchange for their services. See [Marketplace Providers and Sellers](#) for additional information.

Example 1: Church sells fresh vegetables (that are not prepared food) that are grown by church members in their gardens. Since the sale of the fresh vegetables is exempt from sales tax, Church's sale of these items is not counted as receipts for purposes of the \$50,000 receipts test.

Example 2: Nonprofit Organization sells hundreds of Christmas trees. Five Christmas trees are sold for \$200 to a Wisconsin public school. Although Christmas trees are taxable tangible personal property, a Wisconsin public school may purchase tangible personal property exempt from sales tax. As a result, this \$200 exempt sale to the school is not counted as receipts for purposes of the \$50,000 receipts test.

Example 3: Nonprofit Organization sells 1,000 raffle tickets at \$5 each for a total of \$5,000. Since the sale of raffle tickets is not taxable, the \$5,000 that Nonprofit Organization receives from its sale of raffle tickets is not counted as receipts for purposes of the \$50,000 receipts test.

Example 4: An online ticket broker sells tickets and collects payment for a taxable event on behalf of Nonprofit Organization. The online ticket broker is a marketplace provider. Sales made by the online ticket broker are not counted towards Nonprofit Organization's \$50,000 receipt test.

Example 5: A local government agency sells calendars on behalf of a nonprofit organization and collects payment from the purchaser. The local government agency is a marketplace provider. Sales made by the local government agency count towards the local government agency's \$50,000 receipt test. The sales are not counted towards the nonprofit organization's \$50,000 receipt test.

Note: If a nonprofit organization did not anticipate that it will exceed both the \$50,000 and 75-day tests, but both tests were exceeded, only the sales occurring after the tests were exceeded are taxable.

Example: Church holds sales on 78 days every year, in which its total sales of otherwise taxable products have continually increased from \$25,000 to \$45,000 each year. No entertainment is involved. Church's sales have never exceeded \$50,000 and it did not anticipate its sales to exceed \$50,000. Therefore, Church does not hold a seller's permit. In 2020, Church's total sales of otherwise taxable products exceeded the \$50,000 test on its 76th day of sales. Its total amount of otherwise taxable products for the entire 78 days was \$52,000. Only the sales after Church exceeded both the 75-day and \$50,000 tests are taxable (i.e., the first \$50,000 of otherwise taxable sales are not taxable, but the \$2,000 in taxable sales that occurred after both the 75-day and \$50,000 tests were exceeded are taxable). Church has no reason to believe that this increasing sales trend will not continue. Since Church's sales have continually been increasing and its sales have now exceeded the tests for the occasional sale exemption, Church should continue to hold its seller's permit for future years. In 2021 and subsequent years, all of Church's sales of taxable products are taxable. See Part 5.B. for more information about changes in activities.

B. Standard 2: Entertainment is not involved at an event for which admissions are charged.

If a nonprofit organization charges admission to an event, entertainment is not involved if the total amount that all entertainers are paid is \$10,000 or less. A nonprofit organization whose sales would qualify as exempt occasional sales, except for the involvement of entertainment (i.e., entertainers are paid more than \$10,000), has the option to register and collect tax only for the day(s) of the event as described in (3) below.

Note: Beginning June 1, 2022, the amount paid for entertainment increases to from \$10,000 to \$50,000.

(1) Entertainment

Entertainment is provided at an admission event if all persons or groups (e.g., band or singers) are paid in the aggregate more than \$10,000 per event for performing, for reimbursement of expenses, or prize money. See (2) below for the definition of admissions.

Example 1: Four different bands are paid \$3,000 each to perform at various times during a 3-day event held by a nonprofit organization. There is an admission charge for access to the event. Since the total payment

for entertainment (\$12,000) exceeds \$10,000, entertainment is involved and Standard 2 is not met. As a result, receipts from sales of taxable products and services at the event are taxable.

Example 2: Two nonprofit organizations co-sponsor an admission event at which a band is hired to perform. Each organization pays the band \$6,000. Since the total payment for entertainment (\$12,000) exceeds \$10,000, entertainment is involved and Standard 2 is not met. As a result, receipts from sales of taxable products and services at the event are taxable.

Example 3: Nonprofit Organization holds an admission event in which a celebrity singer is paid \$11,000 to perform. Nonprofit Organization does not pay the celebrity. Sponsor pays the \$11,000 fee to the celebrity on behalf of Nonprofit Organization. Since the total payment for entertainment (\$11,000) by all persons exceeds \$10,000, entertainment is involved and Standard 2 is not met. As a result, receipts from sales of taxable products and services at the event are taxable.

Example 4: Nonprofit Organization holds an admission event in which Nonprofit Organization pays celebrity \$15,000 to sign autographs. The celebrity only signs autographs and does not entertain or perform. Persons who would like to receive an autograph from the celebrity pay \$10 to enter the event. Having a celebrity sign autographs is not considered to be entertainment. The \$10 admission charge is not taxable, regardless of whether Nonprofit Organization holds a seller's permit. This event meets Standard 2.

If Nonprofit Organization sells autographed items (e.g., autographed footballs) at the event, sales of the autographed items are taxable if Nonprofit Organization does not qualify for the occasional sale exemption (i.e., it exceeds both the 75-day test and the \$50,000 receipts test or if Nonprofit organization holds a seller's permit).

(2) Admissions

Admissions are involved if access to the event involving entertainment is generally restricted to only those who pay a required fee, make a required donation, or who must make a purchase of some kind (e.g., meal or raffle ticket).

A donation is considered a required donation unless the payment is totally voluntary and no restriction whatsoever is placed on the entrance of persons not making a donation. To be considered a true donation, it must be obvious that admittance is not restricted to those making a donation. A set amount for the donation indicates that the charge is not a donation, but that the payment is required.

Admissions to amusement, athletic, entertainment, or recreational events or places where entertainment is provided are taxable. Admissions to events that are primarily educational in nature are not taxable, even though some entertainment may be provided. Sales of taxable products and services at an admission event where entertainment is provided, whether for amusement, athletic, entertainment, recreational, or educational purposes, are taxable. See *Example 4* below.

Example 1: Entertainment Involved; Admission Restricted to Those Purchasing a Meal – Nonprofit Organization sponsors a dinner and concert. The concert band is paid \$11,500. There is no separate admission charge; however, access to the dance is restricted to those who have purchased the meal. The meal charge constitutes an admission charge to an event involving entertainment; therefore, Standard 2 is not met.

Example 2: Entertainment Involved; No Admission Charge – Nonprofit Organization holds a pig roast at the city park and pays a band \$10,500 to play at the park gazebo so that patrons, if they so wish, can be entertained while they eat. There is no admission charge and access to the band is open to anyone, whether they purchase the meal or not. Standard 2 is met and sales of taxable products and services by Nonprofit Organization may still qualify as exempt occasional sales.

Example 3: Entertainment Involved; Suggested Donation Posted – Nonprofit Organization holds a carnival at the high school football stadium. A carnival company is paid \$11,000 to operate rides and games. Upon entrance to the stadium, a sign is posted that states "Suggested Donation \$10." The \$10 suggested donation is considered to be a required payment since it sets the amount of the payment by the attendee. The donation constitutes an admission charge to an event involving entertainment so Standard 2 is not met. Therefore, sales of the admission (i.e., the \$10 suggested donation), taxable products, and other taxable services by Nonprofit Organization at this event are taxable.

If an attendee chooses to pay a higher amount for admission (i.e., more than the \$10 suggested donation), the amount over the \$10 suggested donation is considered a donation that is not taxable.

Example 4: Entertainment Involved; Admission Not Taxable – Nonprofit Organization holds an educational seminar to train counselors in crisis prevention. Each participant pays a fee to attend. Nonprofit Organization hires a musical group for \$10,500 to play during a 30-minute intermission between speakers. The admissions to the educational seminar are not taxable because the event is not an amusement, recreational, entertainment, or athletic event.

However, sales of taxable food and beverages, T-shirts, books, tapes, and any other taxable products, including taxable services (e.g., parking for motor vehicles), at the seminar are taxable.

Example 5: Entertainment Involved; Admission Charged; Sales by a Third-Party – Nonprofit Organization J holds a fair. Nonprofit Organization J charges an admission to the fair. Upon admission to the fair, a person may view animal and product exhibits, attend animal shows, and enjoy various musical and comedy performances. Nonprofit Organization J paid a total of \$11,000 to persons providing musical and comedy performances.

Nonprofit Organization J allows Nonprofit Organization K, a separate entity, to set up a booth at the fair to sell drinks and popcorn. Persons will only have access to Nonprofit Organization K's booth upon paying the admission to the fair. Nonprofit Organization K does not receive any of the admission receipts from the fair and does not pay any amount for the entertainment provided at the fair.

The admission charge is to an event involving entertainment which is conducted by Nonprofit Organization J, **not** Nonprofit Organization K. Therefore, Nonprofit Organization J does not meet Standard 2. Nonprofit Organization K's sales of drinks and popcorn may still qualify for the occasional sale exemption if Standards 1 and 2 described in Part 4.A. are met.

(3) Exception

A nonprofit organization that would otherwise qualify for exempt occasional sales, except for the involvement of entertainment, may do all of the following:

1. Obtain a seller's permit from the Department of Revenue for the day or days of the event involving entertainment,
2. Pay the sales tax on sales of taxable products and services on these days, and
3. Request inactivation of the seller's permit after the event by contacting the Department of Revenue. (See Part 8.)

If the above three steps have been taken, the nonprofit organization may still make exempt occasional sales on days not covered by the permit.

Days and receipts from events involving admissions to entertainment for which a seller's permit was obtained **are** included with all other sales in determining the 75-day test and the \$50,000 taxable receipts test in Standard 1.

Caution: A nonprofit organization that obtains a seller's permit for an event and does not request inactivation of the seller's permit after the event does not qualify for the occasional sale exemption on sales of taxable products and services subsequent to the event, regardless of the number of days and dollar amount of its sales.

Example: For the year 2020, Nonprofit Organization plans five events covering three days each (total of 15 days). Entertainment will be involved at one event only. Sales by Nonprofit Organization would qualify as exempt occasional sales, except for the involvement of entertainment at the one event. Nonprofit Organization should obtain a seller's permit for the one event involving entertainment (three days) and inactivate the seller's permit immediately after the event. Its sales at the other four events qualify as exempt occasional sales.

C. Standard 3: The organization does not have and is not required to have a seller's permit.

A nonprofit organization is not required to hold a seller's permit if its sales are exempt from sales and use tax (i.e., it meets Standards 1 and 2).

A nonprofit organization qualifies for the occasional sale exemption on non-bingo sales, even though it holds a seller's permit, if it otherwise meets Standards 1 and 2, and the nonprofit organization meets one of the following:

- (1) It is required to hold a seller's permit solely for the purpose of conducting bingo games.
- (2) It obtains a seller's permit solely for an admission event involving entertainment, if the seller's permit is inactivated immediately after the event. (See Part 4.B.(3) for additional information.)
- (3) It holds a seller's permit solely for the purpose of conducting bingo games and making taxable sales at an admission event involving entertainment.

Bingo Receipts: A nonprofit organization's bingo receipts **are not** included with all other sales in determining the 75-day test and the \$50,000 taxable receipts test in Standard 1.

Example: Nonprofit Organization has receipts of \$60,000 per year from bingo sales. It holds a seller's permit solely for conducting bingo games. Nonprofit Organization's only other sales throughout each year are \$5,000 of food and soda sales at a concession stand. Nonprofit Organization did not hold an admission event involving entertainment during the year. Nonprofit Organization's sales of food and soda qualify for the occasional sale exemption because its taxable sales, except bingo, are \$50,000 or less. The \$60,000 of bingo receipts are not included in determining the \$50,000 taxable receipts test in Standard 1.

5. SELLER'S PERMIT INFORMATION

A. General

If a nonprofit organization makes sales of taxable products or services that do **not** qualify as exempt occasional sales, the nonprofit organization is required to obtain a seller's permit and pay sales tax on its taxable sales. A nonprofit organization may apply for a seller's permit using one of the following methods:

- Use the Department of Revenue's online [Business Tax Registration](#) application and submit the request electronically.



- Complete [Form BTR-101](#), *Application for Business Tax Registration*, and mail it to the Department of Revenue. Keep a copy of the completed application for your records.

B. Change in Activities

- (1) If a nonprofit organization holds a seller's permit in the current year but believes, in good faith, that its activities in the following year will qualify as exempt occasional sales, it may request inactivation of its seller's permit so its sales in the following year qualify as exempt occasional sales.

The requested inactivation of its seller's permit must be made in good faith. The answers to two questions will help in the examination of good faith: (1) what did the organization do in the current calendar year, and (2) what does it expect to do differently in the following year and why?

Example: Nonprofit Organization had taxable sales on a total of 77 days each year for the past five years, including one 3-day event. Receipts were always over \$50,000, and there were no admissions involving entertainment. The one event has lost money for the past two years. Nonprofit Organization intends to discontinue that event for the year 2022 and anticipates coming under the 75-day test. It may request inactivation of its seller's permit effective at the end of 2021 in good faith.

- (2) If a nonprofit organization requested inactivation of its seller's permit in good faith but later, due to unforeseen circumstances, exceeds the standards, only the sales occurring after the standards are exceeded are taxable.

Example: Church held 73 days of events or sales in 2021 (receipts equaled \$60,000 and no entertainment was involved). It expected to hold the same 73 days of events in 2022. Church requested inactivation of its seller's permit effective December 31, 2021; however, in mid-2022, Church's garage was destroyed by fire. An additional 4-day event was held to raise funds to help replace the garage. After 75 days of sales in 2022, Church's receipts from otherwise taxable sales were \$65,000. Only the receipts from days 76 and 77 (the days exceeding the standard) are taxable.

- (3) If a nonprofit organization holds a seller's permit and then requests inactivation of its seller's permit, any sales made **before** requesting inactivation of its seller's permit do not qualify as exempt occasional sales, even if all of the other standards for the occasional sale exemption are met.

Example: Nonprofit Organization held 30 days of sales in 2021. Nonprofit Organization holds a seller's permit and files and paid sales tax on its sales of taxable products and services. At the end of 2021, the organization realized that its sales would have qualified as exempt occasional sales except for its holding of a seller's permit. Nonprofit Organization may not claim a refund of taxes paid while it held a seller's permit.

6. PURCHASES BY NONPROFIT ORGANIZATIONS

Nonprofit organizations with a 501(c)(3) determination letter from the Internal Revenue Service (IRS) may make purchases exempt from Wisconsin sales and use tax. Churches and religious organizations meeting the requirements of section 501(c)(3) of the Internal Revenue Code (IRC), even if they do not have a determination letter from the IRS, may also make purchases exempt from tax.

A. Wisconsin Nonprofit Organizations

In order to make purchases exempt from tax, a Wisconsin nonprofit organization with a 501(c)(3) determination letter must provide the seller its 15-digit Certificate of Exempt Status (CES) number issued by the Department of Revenue. To claim the exemption, the organization should provide the seller one of the following:

- The organization's CES number for the seller to record on the invoice
- A fully completed exemption certificate ([S-211E](#), [Form S-211](#) or [Form S-211-SST](#)) with its CES number

Organizations may apply for a CES number with the Department of Revenue by submitting [Form S-103](#), *Application for Wisconsin Sales and Use Tax Certificate of Exempt Status*.

B. Out-of-State Nonprofit Organizations

An out-of-state organization that holds a 501(c)(3) determination letter from the IRS qualifies for exemption on its purchases to the same extent that a Wisconsin organization would qualify, except the out-of-state organization does not need a Wisconsin CES number. The qualifying out-of-state organization must provide the seller with a fully completed exemption certificate ([S-211E](#), [Form S-211](#) or [Form S-211-SST](#)) indicating that it qualifies for exemption under [sec. 77.54\(9a\)\(f\)](#), Wis. Stats. A qualifying out-of-state nonprofit organization may apply for a CES number with the Department of Revenue by submitting [Form S-103](#), *Application for Wisconsin Sales and Use Tax Certificate of Exempt Status*.

C. Governmental Units

Federal governmental units and Wisconsin state and municipal governmental units are not required to obtain a CES number to make purchases exempt from tax. However, they may apply for a CES.

Non-Wisconsin governmental units, including non-Wisconsin public schools, may not make purchases exempt from Wisconsin sales and use tax. Purchases in Wisconsin by an out-of-state governmental unit are taxable.

See Part 11.D.(2) and (5) of [Publication 201](#), *Wisconsin Sales and Use Tax Information*, for additional information about sales to governmental units.

D. Organizations That Do Not Hold a CES Number

Nonprofit organizations that do not hold a 501(c)(3) determination letter from the IRS, are subject to Wisconsin sales or use tax on their purchases of taxable products and services, unless another exemption applies (e.g., resale). Taxable products and services that will be resold by a nonprofit organization may be purchased without Wisconsin sales or use tax, assuming the nonprofit organization makes no use of the product other than retention, demonstration, or display while holding it for sale. The products may be purchased without tax for resale even if the nonprofit organization's sale of the products are exempt occasional sales. The nonprofit organization should provide the seller with a fully completed exemption certificate claiming resale.

Example: Wisconsin Nonprofit Civic Organization sells cans of soft drinks at parades. The sales of the soft drinks are not taxable, because they are exempt occasional sales. Wisconsin Nonprofit Civic Organization does qualify to make purchases exempt from tax and does not hold a CES number issued by the Department of Revenue. However, since the soft drinks are resold by Nonprofit Civic Organization, the nonprofit organization may purchase the soft drinks without Wisconsin sales or use tax by providing the soft drink supplier with a fully completed exemption certificate ([S-211E](#), [Form S-211](#) or [Form S-211-SST](#)) claiming resale. In the space for the seller's permit number, Nonprofit Civic Organization should write "Exempt sales only" since it is not required to hold a seller's permit because all of its sales are exempt.

E. Exemption Only Applies to Sales to or Purchases by the Organization

Only the qualifying exempt organization may make purchases exempt from Wisconsin sales and use tax. A purchase by an individual is taxable, even if the products or services purchased are intended for the exempt organization and the individual is reimbursed by the organization for the purchase.

Exception: When an individual makes a purchase on behalf of an exempt organization and the invoice or billing document identifies the organization as the purchaser, the purchase is exempt from tax provided the individual gives the seller the organization's CES number, or a properly completed exemption certificate ([S-211E](#), [Form S-211](#) or [Form S-211-SST](#)).

If making payment using personal funds, the individual must also provide the seller a written statement from the organization indicating the individual is authorized to make the purchase on behalf of the organization and that the organization will reimburse the individual for the purchase.

The seller must keep the exemption certificate on file and/or record the CES number on the copy of the invoice the seller keeps.

Example 1: Nonprofit Organization holding a CES number orders office supplies. Nonprofit Organization provides the seller a properly completed exemption certificate identifying Nonprofit Organization as the purchaser. The seller issues an invoice identifying Nonprofit Organization as the purchaser. Nonprofit Organization pays using a check drawn on the organization's bank account. The sale of office supplies to Nonprofit Organization is exempt from Wisconsin sales tax.

Example 2: Individual purchases office supplies on behalf of a qualifying organization. Individual provides the seller the organization's CES number and a letter from the organization stating Individual is authorized to make the purchase for the organization. The sale is invoiced in the organization's name. Individual pays for the purchase using their personal credit card and is subsequently reimbursed by the organization for the purchase price. The sale of office supplies to the organization is exempt from Wisconsin sales tax.

Example 3: Individual purchases office supplies on behalf of a qualifying nonprofit organization. The invoice is issued in Individual's name. Individual pays for the purchase using their personal credit card and is subsequently reimbursed by the organization for the purchase price. The sale of office supplies is taxable, as the sale was made to Individual. Neither the organization nor Individual are allowed a refund of sales tax paid.

7. FUNDRAISERS AND OTHER SALES BY NONPROFIT ORGANIZATIONS

The sales and use tax treatment of some common types of fundraisers conducted by nonprofit organizations is provided below.

Note: The occasional sale exemption may still apply to the nonprofit organization's sales at the fundraisers. The tax treatment provided below does not address whether this exemption applies.

A. Entries to Runs, Walks, Races and Other Participation Events

Entry fees to runs, walks, races, and other customer participation events (e.g., golfing, dancing, card playing) are taxable. Tax is imposed on admissions to amusement, athletic, entertainment or recreational events or places. Admissions includes the furnishing for dues, fees, or other consideration, the privilege of access to clubs or the privilege of having access to or the use of amusement, entertainment, athletic, or recreational devices or facilities.

Nontaxable admissions:

- Admissions to events that are not amusement, athletic, entertainment or recreational in nature are not taxable.
- Admissions sold by a nonprofit organization to participate in any sports activity in which more than 50% of the participants are 19 years old or younger are not taxable admissions.

Caution: Although a charge is not taxable as an admission, it may be taxable for some other reason. For example, a \$5 charge that permits a person to park their car for an event is taxable.

Example 1: Nonprofit Organization holds a 5K run to raise money. Each entrant is required to pay \$50 to participate. The \$50 may be paid by the runner or may be donated by a third party on behalf of the runner. The mandatory \$50 participation fee is a taxable admission.

Example 2: Nonprofit Organization holds a religious revival. Each attendee is required to pay \$50 to be admitted. A religious revival is not amusement, athletic, entertainment or recreational in nature; therefore, the mandatory \$50 admittance fee is not a taxable admission.

The tax treatment of participation fees is further explained in the following:

- Tax release titled "[Entry Fees for Runs and Races](#)" published on page 22 of *Wisconsin Tax Bulletin* #74 (October 1991)
- Article titled "[Entry Fees for Virtual Runs, Walks, and Races](#)" published on page 6 of *Wisconsin Tax Bulletin* #213 (April 2021)

B. Silent Auctions – Sales of Gift Certificates and Other Products

Sales of taxable products and services at silent auctions are taxable. It does not matter whether the product that is auctioned off was donated to or purchased by the nonprofit organization.

The sale of a gift certificate or gift card (i.e., certificate or card that indicates a certain amount that the bearer can use as cash), is not taxable. When the gift certificate is redeemed, any applicable sales tax will be computed by the retailer at the time of redemption.

If the certificate is redeemable for a specific item, rather than being a certificate that can be used as cash, the sale of the certificate is considered the sale of the specific item and is taxable. The certificate merely represents a receipt showing payment for that item.

Note: For certificates redeemable for a specific item (i.e., product voucher), it is assumed that the retailer that accepts the certificate for redemption has not entered into an agreement with the nonprofit organization to sell the product voucher at a discount and the retailer cannot identify the amount for which the product voucher is sold.

Example 1: Nonprofit Organization auctions off a \$20 gift certificate that can be redeemed at Pizza Place. Individual purchases the gift certificate for \$22. Nonprofit Organization's sale of the gift certificate to Individual is not taxable. Individual may use the gift certificate **in lieu of** cash at Pizza Place. Individual redeems the gift certificate with Pizza Place for a large pizza (prepared and sold in a heated condition) with a selling price of \$24. Individual will pay for the pizza using the \$20 gift certificate and \$4 cash. The taxable amount of Pizza Place's sale to Individual is \$24. The law allows Pizza Place to collect the tax from Individual on its \$24 sale to Individual.

Example 2: Nonprofit Organization auctions off a certificate (i.e., product voucher) that can be redeemed at Pizza Place for one large pizza prepared and sold in a heated condition. Individual purchases the product voucher for \$22. The regular retail selling price of the pizza is \$20. Individual may only redeem the product voucher for a large pizza at Pizza Place (i.e., Individual may not use the product voucher in lieu of cash at Pizza Place). Nonprofit Organization's sale of the pizza to Individual is taxable. The taxable amount of Nonprofit Organization's sale to Individual is \$22. No additional sales or use tax liability is incurred when Individual redeems the product voucher with Pizza Place for the large pizza.

C. Sales that Bear Little or No Relation to the Value Received

When a charge by a nonprofit organization for a product bears little or no relation to the actual value that the purchaser is receiving, the tax may be based on the reasonable value of the taxable product or service received.

The burden of determining and showing that the amount charged for an item bears little or no relationship to the actual value received is on the nonprofit organization that is making the sale. In order to do so, the nonprofit organization must be able to (1) reasonably determine what the actual value received by the buyer is, and (2) document and reasonably determine that the charge bears little or no relationship to the actual value that the buyer received. The nonprofit organization's cost (or a donor's cost) of the product may not be the actual value received.

Example 1: Nonprofit Organization is holding a fundraising dinner at Restaurant. The cost to attend the dinner is \$150 for a steak dinner. Persons purchasing the dinner from Nonprofit Organization only receive the steak dinner (i.e., no other products or services are provided to the purchasers). Restaurant's regular menu has the same steak dinner listed for \$35, but Restaurant is selling each steak dinner to Nonprofit Organization for \$20. Since Nonprofit Organization can (1) reasonably determine what the actual value is (\$35), and (2) can document and reasonably determine that the charge (\$150) bears little or no relationship to the actual value that the buyer receives (\$35), Nonprofit Organization may base the tax on the actual value received (\$35).

Example 2: Nonprofit Organization is holding a silent auction. The items being auctioned off are donated to Nonprofit Organization. Individual is a season ticket holder for the local professional hockey team and donates two tickets to the team's final game of the season for which he paid \$25 per ticket. The hockey team is doing well and other tickets for this sold-out game are being sold for \$100-\$200 per ticket. The tickets are sold at the silent auction for a total of \$300. The tax is based on Nonprofit Organization's sales price of the tickets (\$300). Nonprofit Organization may not base the tax on the donor's purchase price of the tickets, since Nonprofit Organization cannot show that the charge bears little or no relationship to the actual value that the buyer received.

8. DO YOU HAVE QUESTIONS OR NEED ASSISTANCE?

There are numerous [publications](#) and other resources available on the [department's website](#). Some publications that may be helpful to nonprofit organizations are:

- [Publication 209](#), *Sales and Use Tax Information for Wisconsin Counties and Municipalities*
- [Publication 245](#), *Sales and Use Tax Information for Schools* (including school-related organizations)
- [Fact Sheet 2105](#), *Chambers of Commerce – Sales and Use Tax Examples*
- [Fact Sheet 2106](#), *Occasional Sale Exemption for Nonprofit Organizations*
- [Fact Sheet 2107](#), *Rentals of Multipurpose Facilities*

If you are unable to find an answer to your question about sales and use taxes, you may contact the department as follows:

Visit our website . . . www.revenue.wi.gov

E-Mail . . . DORSalesandUse@wisconsin.gov

Write . . . Mail Stop 5-77
Wisconsin Department of Revenue
PO Box 8902
Madison, WI 53708-8902

Call . . . (608) 266-2776

Fax . . . (608) 267-1030

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of April 28, 2022: ch. 77, [Wis. Stats.](#), and ch. Tax 11 [Wis. Adm. Code](#).

Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis. Stats.