

City and County of Denver, Colorado

TAX GUIDE

Topic No. 36

FUND RAISING

Organizations involved in fund raising are liable for sales/use tax, the same as everyone else. Tangible personal property, products, or services purchased by these organizations for their own use are subject to sales/use tax.

I. ITEMS PURCHASED FOR FUNDRAISING EVENTS

A. PRIZES & GIFTS. Tangible personal property, products, or services purchased by fundraising organizations for use as prizes, and/or gifts, are subject to sales/use tax on the total purchase price paid. If the organization is not charged sales tax for the purchase of these items, the organization is required to accrue and remit use tax for the purchase.

B. FOOD, BEVERAGES, AND BANQUET SUPPLIES. Normally, purchases of food, beverages and other supplies purchased by fundraising organizations from caterers, hotels, and restaurants are subject to sales/use tax on the total purchase price paid. The tax is collected by the vendor at the rate of 4% on food, beverages, and any mandatory gratuities.

II. SALES BY FUND RAISING ORGANIZATIONS

A. RETAIL SALES. Fundraising organizations, including exempt fundraising organizations, which makes retail sales of tangible personal property, products, or services are required to be licensed to collect and remit sales tax on the sales price of the items.

B. AUCTIONS. Fundraising organizations which auction tangible personal property, products, or services to the highest bidder are required to be licensed to collect and remit sales tax on the winning bid.

EXAMPLES

1. Good Charity organizes a fund raiser for the purpose of helping children. As a way to increase participation in the fund raiser, Good Charity sells raffle tickets for door prizes. Good Charity is required to pay sales tax to the vendor for its purchases of the door prizes.
2. Great Charity has arranged to hold a catered fund raising dinner at a local auditorium. The public may attend this fund raiser by paying \$40 per plate. The caterer will charge Great Charity \$25 per plate. Great Charity is required to pay sales tax to the caterer for its purchases (\$25 x # of meals). If the caterer is not licensed to collect the sales tax, Great Charity is required to accrue and remit use tax on the purchase of catered food and beverage (\$25 x # of meals).

RELATED TAX GUIDE TOPIC

Charitable Exemption

Governmental Exemption

DRMC Section 53-24(8). Definitions.* DRMC Section 53-25. Imposition of tax.

* DRMC Section 53-95(8). Definitions.

* DRMC Section 53-96. Imposition of tax.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.

07/17