
CHAMBERS OF COMMERCE

Sales and Use Tax Examples

Fact Sheet 2105

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Chambers of commerce are organized to promote the common economic interests of all commercial enterprises in a given community. Internal Revenue Code section 501(c)(6) provides that chambers of commerce are exempt from federal income tax.

Chambers of commerce are also exempt from Wisconsin income and franchise taxes. However, a **chamber is not specifically exempt from sales or use taxes**. This fact sheet gives examples of the sales and use tax treatment of sales and purchases made by chambers of commerce.

PURCHASES

A chamber of commerce must pay tax on its purchases of taxable products and services¹, unless an exemption applies (for example, resale). The resale exemption applies when the chamber offers products for sale and makes no use of the products other than for retention, demonstration, or display while holding them for sale to potential customers. The chamber should provide the seller with a fully completed exemption certificate ([Form S-211](#)) indicating resale.

SALES

Chambers of commerce sales of taxable products and services¹ are subject to Wisconsin sales tax unless an exemption, such as resale or the occasional sales exemption, applies. The tax treatment is not affected by whether the chamber donates its sales proceeds to charity. [Publication 206](#), *Sales Tax Exemptions for Nonprofit Organizations*, describes the requirements of the occasional sales exemption.

BUNDLED TRANSACTIONS

If taxable and nontaxable products are sold together for one non-itemized price, the sale may be a "bundled transaction." The entire sales price of a bundled transaction is subject to Wisconsin sales or use tax.

Exception: When a retailer is able to identify the portion of the sales price that is attributable to products that are not subject to the tax, the retailer may choose to tax only the portion attributable to the taxable products. This option does not apply to a bundled transaction that contains food and food ingredients, drugs, durable medical equipment, mobility-enhancing equipment, prosthetic devices, or medical supplies.

For more information on bundled transactions, see Part X.C. of [Publication 201](#), *Wisconsin Sales and Use Tax Information*.

EXAMPLES

The following examples describe the tax treatment of common sales by chambers of commerce. The examples assume the chamber of commerce is not eligible for the occasional sales exemption on its sales. In these examples, the presence of entertainment at an event won't make admissions to the event taxable, unless the primary purpose of

¹ See Appendix for a reference list. This reference list is not all-inclusive. See [Publication 201](#), *Wisconsin Sales and Use Tax Information* for more on what is taxable, registration, and filing returns.

the event is entertainment. This list of examples is not all-inclusive. See Fact Sheet 2106 and [Publication 206](#), *Sales Tax Exemptions for Nonprofit Organizations*, Parts IV and VII.

Example 1: Prepared Food

Chamber of Commerce conducts a "Taste of the Town" event. Chamber charges attendees \$5 for a plate of food. Local restaurants charge Chamber \$4 per plate of food. A napkin and eating utensil is provided with the plate of food. The \$5 charge for the plate of food is taxable. Chamber may purchase the \$4 plate of food without tax for resale. See [Publication 220](#), *Grocers*, for additional information regarding the sale of food and beverages.

Example 2: Prepared Food

Chamber of Commerce conducts a wine and cheese tasting event. For \$20, a customer may sample five different wines and five different cheeses. The wine is served in a glass and the cheese is cut from a block of cheese and served on a toothpick with a napkin. The \$20 charge for the wine and cheese is taxable. Chamber may purchase, without tax for resale, the wine, toothpicks, and napkins that it sells. Chamber's purchase of the cheese is an exempt purchase of a food product. See [Publication 302](#), *Wisconsin Alcohol Beverage and Tobacco Laws for Retailers*, for additional laws about the sale of wine.

Example 3: Admissions to Athletic Event

Chamber of Commerce holds a 5K run. Each entrant pays \$50 to participate. The \$50 may be paid by the runner or may be paid by a third party on behalf of the runner. Each entrant also receives a t-shirt for participating in the run. The \$50 participation fee is taxable. Chamber's purchase of the t-shirts is taxable, since the t-shirts are provided incidentally to the entrants with their participation fees. See [Publication 206](#), *Sales Tax Exemptions for Nonprofit Organizations*, Part VII.A.

Example 4: Admission to Athletic Event with Prepared Food

Chamber of Commerce conducts an annual golf outing. A participant can choose to golf for \$75, attend a post-golf steak dinner for \$25, or attend both for \$100. The \$75 golf fee and the \$25 dinner fee are both taxable. Chamber may purchase the golf admissions and dinners without tax for resale. See [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part X.B.1.

Example 5: Silent Auction Sale of Gift Certificates

Chamber of Commerce pays Pizza Place \$20 for a gift certificate that can be redeemed towards any purchase at Pizza Place. Chamber auctions the gift certificate during a fundraiser event. Individual purchases the gift certificate for \$22 from Chamber. Chamber's purchase and sale of the gift certificate redeemable as cash is not taxable. See [Publication 206](#) *Sales Tax Exemptions for Nonprofit Organizations*, Part VII.B., Example 1.

Note: If Chamber of Commerce pays Pizza Place for a gift certificate for a specific identifiable product that is taxable, Chamber may purchase the certificate without tax for resale. The sale of the gift certificate itself is a taxable sale by Chamber. Individual does not owe any sales or use tax when Individual redeems the certificate with Pizza Place. The tax has already been paid by Individual to Chamber. See [Publication 206](#), *Sales Tax Exemptions for Nonprofit Organizations*, Part VII.B., Example 2.

Example 6: Silent Auction Sale of Admission to Athletic Event

Season Ticket Holder donates a ticket for admission to a professional football game to Chamber of Commerce for its silent auction. Season Ticket Holder paid tax when purchasing the ticket. The ticket has a face value of \$80. Chamber auctions the ticket during a fundraising event. Individual purchases the ticket for \$100 from Chamber. Chamber's receipts of \$100 from the sale of the ticket are taxable. See [Publication 206](#), *Sales Tax Exemptions for Nonprofit Organizations*, Part VII.B., Example 2.

Example 7: Hole Sponsorship at Golf Outing

A golf course donates a voucher good for two rounds of golf with a retail price of \$50 to Chamber of Commerce for the Chamber's charity golf outing. Chamber sells hole sponsorship advertising for \$100 to local businesses wishing to post their business sign at a particular hole on the golf course for the outing. When a business pays \$100 to sponsor a hole, Chamber will provide a golf voucher free of charge to the business. To receive hole sponsorship advertising, a business must pay \$100, regardless of whether or not it wants the golf voucher. Chamber's sale of the

hole sponsorship advertising is not subject to sales tax. Chamber does not owe sales or use tax on the golf voucher, since it did not purchase the golf voucher.

Example 8: Business Seminar

Chamber of Commerce holds a business seminar and invites Guest Speaker to speak on the economic development of the community. Chamber charges \$10 to each member to attend the event. No food is provided by Chamber at the event. The \$10 admission charge to this event is not taxable. See [Publication 206, Sales Tax Exemptions for Nonprofit Organizations](#), Part IV.B.2., Example 4.

Example 9: Business Dinner with Speaker –Primary Purpose is Dinner

Chamber of Commerce holds a business dinner with a guest speaker. Chamber pays Restaurant \$10 for each dinner. Chamber charges \$15 to attend the event, which also includes a presentation by Motivational Speaker. The price of the ticket does not vary if the member would only like to attend the dinner portion or the speaker portion of the event. The \$15 charge to attend the event is taxable, because the primary objective of the customer is to receive the dinner. Chamber may purchase the dinners without tax for resale. **Note:** Because the Chamber's purchase price of the dinner is more than 50% of the ticket price, it is presumed that the primary purpose of the members attending is to receive the dinner. If Chamber can establish that the primary purpose of the members attending is to hear the speaker, Chamber's receipts from the event would not be taxable but Chamber would owe sales or use tax on its purchase of the meals.²

Example 10: Business Dinner with Speaker –Primary Purpose is Presentation

Chamber of Commerce holds a business dinner with a guest speaker. Chamber pays Restaurant \$10 for each dinner. Chamber pays Motivational Speaker \$400 for her presentation. Chamber charges \$75 to each of its attending members for a ticket to attend the event. The price of the ticket does not vary if the member would only like to attend the dinner portion or the speaker portion of the event. The \$75 charge is not taxable. **Note:** Because Chamber's purchase price of the dinner is less than 50% of the ticket price, it is presumed that the primary purpose of the members attending is to hear the motivational speaker. Chamber is the consumer of the dinners and must pay sales or use tax on its purchases of them.²

Example 11: Awards Banquet – Primary Purpose is Dinner

Chamber of Commerce holds an awards banquet to honor members for their accomplishments over the past year. Chamber hires a local caterer to prepare food for the event for \$10 per person. Chamber charges \$15 to each guest attending the banquet. The price of the ticket does not vary if the member would only like to attend the dinner portion or the awards portion of the event. The \$15 charge to attend the banquet is taxable, because the primary objective of the customer is to receive the dinner. Chamber may purchase the dinners without tax for resale. **Note:** Because Chamber's purchase price of the dinner is more than 50% of the ticket price, it is presumed that the primary purpose of the persons attending is to receive the dinner. If Chamber can establish that the primary purpose of the persons attending is to attend the awards portion of the event, Chamber's receipts from the event would not be taxable but Chamber would owe sales or use tax on its purchase of the meals.²

Example 12: Awards Banquet – Primary Purpose is Presentation

Chamber of Commerce holds an awards banquet to honor members for their accomplishments over the past year. Chamber hires a local caterer to prepare food for the event for \$7 per person. Chamber charges \$15 to each guest attending the banquet. Chamber also sell mugs and calendars at the event for \$5. The \$15 charge to attend the banquet is not taxable, because the primary objective of the members is to attend the presentation. The sales of the mugs and calendars are taxable. Chamber is the consumer of the dinners and must pay sales or use tax on its purchases of them.² Chamber may purchase the mugs and calendars without tax for resale.

Example 13: Social Event

Chamber of Commerce holds an event after business hours to provide an opportunity for members to socialize with one another. Chamber charges \$10 for members to attend the event. Refreshments and appetizers are donated by area businesses and are provided at no additional charge to those attending the event. Although some business may

² If the meals are donated, Chamber does not owe sales or use tax on its purchase of the meals.

be discussed, the primary purpose for the social event is to provide recreation, entertainment or amusement to the members. The \$10 charge to attend this event is taxable.

Example 14: Business Event

Chamber of Commerce holds an event after business hours to provide an opportunity for members to either

- network with other businesses in the community, discuss products and services, and meet new clients; or
- learn more about a member's business through a guided tour or a short presentation.

Chamber charges \$10 for members to attend the event. The \$10 charge to attend the event is not taxable. However, if the primary purpose of the event is for amusement, recreation, or entertainment, the admission is taxable.

Example 15: Entertainment Event

Chamber of Commerce pays a band \$900 to play at a concert. Chamber charges a \$25 admission to persons attending. The \$25 charge is taxable since it is for an entertainment event. Chamber is not liable for sales or use tax on its \$900 payment to the band.

Example 16: Parade Entry Fees

Chamber of Commerce holds a parade. There are 100 entrants in the parade, and each entrant pays \$80 to participate and advertise its business in the parade. The \$80 parade entry fee is not taxable. **Note:** Parade entry fees for participation in a *parade contest* by a performer or group of performers (e.g., band) is taxable; however, Chamber may reduce its taxable receipts by the amount of contest/parade entry fees advertised and set aside for prize money.

Example 17: Booth Rental – Optional Charge for Electricity

Chamber of Commerce holds a trade show and rents booth space for \$75 to persons wishing to exhibit. For an optional fee of \$10, the exhibitor may receive access to and use of electricity at its booth. The \$75 charge for the booth fee is not taxable, but the \$10 optional charge for electricity is taxable. (Optional charges by Chamber for other property, such as tables and chairs are also taxable.) If the facility charged Chamber an optional fee for that specific booth's electricity, Chamber may purchase that electricity without tax for resale.

Example 18: Booth Rental – No Charge for Electricity

Same as *Example 17*, except that electricity was furnished to exhibitors for no additional fee. The \$75 charge for the booth fee is not taxable. However, the Chamber may not purchase the electricity without tax for resale.

Example 19: Chamber Surveys

Chamber of Commerce conducts various surveys of its members. A participant in the survey may purchase a copy of the survey for \$50. Non-participants may purchase a copy of the survey for \$250. Chamber's sales of the surveys to participants and non-participants are taxable.

Example 20: Gift Baskets

The following examples assume all of the items are sold for one non-itemized price and the price does not vary based on the purchaser's selection of products. See the article titled ["Gift Baskets That Contain a Combination of Taxable and Nontaxable Products"](#) for more information.

A: Taxable Gift Basket – No Food Products Included

Chamber of Commerce sells a gift basket for \$75 that includes two movie tickets, a video game, and a DVD. The \$75 sales price of the gift basket is taxable, since all of the products included in the gift basket are taxable. The Chamber may purchase the movie tickets, video game, and DVD without tax for resale.

B: Nontaxable Gift Basket – No Food Products Included

Chamber of Commerce sells a gift basket for \$75 that includes a gift certificate that can be used as cash at Theater (purchase price \$50) and a DVD (purchase price \$5). The gift certificate is a nontaxable product, and the DVD is a taxable product. Since the taxable products are 10% or less of the Chamber's purchase

price or sales price, the \$75 sales price of the gift basket is not taxable. Chamber must pay sales or use tax on its purchases of the DVD. *(The sale of the gift basket is not a bundled transaction, since the Chamber's purchase price of the taxable product (DVD) is less than 10% of its total purchase price.)*

C: Taxable Gift Basket – No Food Products Included

Chamber of Commerce sells a gift basket for \$75 that includes a gift certificate that can be used as cash at Theater (purchase price \$20), a video game (purchase price \$10), and a DVD (purchase price \$10). The gift certificate is a nontaxable product, and the video game and DVD are taxable products. The \$75 sales price of the gift basket is taxable. The Chamber may purchase the video game and DVD without tax for resale and may choose to charge tax only on the portion of the gift basket that is attributable to taxable products. Chamber's purchase of the gift certificate is a nontaxable purchase of an intangible right. *(The sale of the gift basket is a bundled transaction, since the Chamber's purchase price and sales price of the taxable products is 10% or more of its total purchase price and sales price.)*

D: Nontaxable Gift Basket – Food Products Included

Chamber of Commerce sells a gift basket for \$75 that includes a baseball cap (purchase price \$20), a two-liter bottle of soda (purchase price \$3), a case of microwavable popcorn (purchase price \$15), and four bags of potato chips (purchase price \$10). The microwavable popcorn and the potato chips are nontaxable products, and the baseball cap and soda are taxable products. Since the gift basket includes food, but does not include a service, the 50% test is used (rather than the 10% test). The \$75 sales price of the gift basket is not taxable. Chamber may purchase the baseball cap and soda without tax for resale. Chamber's purchase of the popcorn and cookies are exempt purchases of food products. *(The sale of the gift basket is not a bundled transaction, since (1) the gift basket includes food products, (2) the Chamber's purchase price and sales price of the taxable products are not more than 50% of its total purchase price and sales price, and (3) the transaction does not include a service.)*

E: Taxable Gift Basket – Food Products Included

Chamber of Commerce sells a gift basket for \$75 that includes a portable grill (purchase price \$40), a two-liter bottle of soda (purchase price \$3), and four bags of potato chips (purchase price \$10). The potato chips are nontaxable products, and the portable grill and soda are taxable products. Since the gift basket includes food, but does not include a service, the 50% test is used (rather than the 10% test). The \$75 sales price of the gift basket is taxable. The Chamber may purchase the portable grill and soda without tax for resale. Chamber's purchase of the potato chips is an exempt purchase of a food product. *(It is assumed that more than 50% of the \$75 sales price of the basket relates to taxable products. The sale of the gift basket is a bundled transaction, since the basket includes food products, but does not include a service, and the taxable products are more than 50% of the Chamber's purchase price and sales price.)*

ANY QUESTIONS?

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Appendix to Chambers of Commerce Sales and Use Tax Examples

<i>Taxable Products and Services, Unless Exemption Applies (example, resale)</i>	<i>Nontaxable Products and Services</i>
T-shirts	Membership dues
Bumper stickers and buttons	Gift certificates that can be used as cash at a retailer or specific group of retailers (example: \$50 gift certificate to be used at Restaurant A)
Printed materials (examples: membership directories and newsletters)	Product vouchers for a specific nontaxable product (example: a haircut)
Equipment rental (examples: boats, tables, chairs)	Advertising space (example: \$100 for golf outing hole sponsorship when the sponsor's name is displayed at the hole, if the sponsor receives nothing else)
Prepared food and beverages	Mailing lists, except those that are attached to envelopes or sold as mailing labels
Candy	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
Soft drinks	
Alcoholic beverages	
Product vouchers for a specific taxable product	
Parking for motor vehicles and boat docking or storage	
Services to tangible personal property (example: car wash)	
Admissions to amusement, athletic, recreational, and entertainment events, facilities, or devices (examples: golf outing, participation fee for races or walks, concerts, cover charges, contests and tournaments) <i>Note: The taxable receipts of an event may be reduced by the amount that is advertised and set aside as prize money.</i>	
Sales at silent auctions of taxable products and services are subject to tax. It does not matter whether the product that is auctioned off was donated to or purchased by the Chamber of Commerce. See Publication 206, Sales Tax Exemptions for Nonprofit Organizations, Part VII.B.	

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