

Important Changes

- Calumet County tax begins April 1, 2018
- Brown County tax begins January 1, 2018
- Kewaunee County tax begins April 1, 2017
- Sheboygan County tax begins January 1, 2017
- Brown County football stadium tax ended September 30, 2015

Sales Tax Exemptions for Nonprofit Organizations

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IMPORTANT CHANGES

Increase in Standards for the Occasional Sale Exemption. Beginning with sales made in 2017, the standards to determine when a nonprofit organization's sales qualify for the occasional sale exemption have been increased:

- The standard to determine whether entertainment is involved at an event will be increased from \$500 to \$10,000.
- The standard relating to a nonprofit organization's receipts will be increased from \$25,000 to \$50,000 per calendar year.
- The standard relating to the number of days on which sales of taxable products can occur will be increased from 20 days to 75 days in a calendar year.

Part V.C. has been added to provide information, including examples, about transitioning from the 2016 standards to the 2017 standards.

Signing Autographs is Not Entertainment. An example has been included to illustrate that the signing of autographs is not entertainment. Example 4 on page 6.

I. INTRODUCTION

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

The information in this publication relates to the state's 5% sales and use tax. Certain 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) 0.1% baseball stadium sales or use tax, (c) local exposition taxes, and (d) 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) County tax: [Publication 201](#), *Wisconsin Sales and Use Tax Information*.
- (2) Baseball and football stadium tax: [Publication 201](#), *Wisconsin Sales and Use Tax Information*. Applies to sales and purchases made in Brown, Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.
- (3) Local exposition taxes: [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.
- (4) Premier resort area tax: [Publication 403](#), *Premier Resort Area Tax*. Applies to sales by certain types of retailers of any of the products described in Part III. in the premier resort areas.

[Publications 201](#), [410](#), and [403](#) are available on the department's website.

CAUTION

The information in this publication reflects the position of the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of May 1, 2016. Laws enacted and in effect after that date, new administrative rules, and court decisions may change the interpretations in this publication.

The examples and lists of taxable and exempt sales provided in this publication are not all-inclusive. They merely set forth common examples.

II. WHAT IS A NONPROFIT ORGANIZATION?

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.

For purposes of the occasional sale exemption, a governmental unit is considered a nonprofit organization.

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

III. WHAT IS SUBJECT TO TAX?

Sales, licenses, leases, and rentals of tangible personal property, certain coins and stamps, certain leased property affixed to realty, and certain digital goods are subject to the Wisconsin state sales tax.

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

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

- 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).
- 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 X. of [Publication 201](#), *Wisconsin Sales and Use Tax Information*.

IV. STANDARDS FOR THE OCCASIONAL SALE EXEMPTION

All of the three standards listed below must be met by a nonprofit organization for its sales to qualify as exempt occasional sales:

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

Standard 2: Entertainment is not involved at an event for which charges by the organization constitute admissions, except as noted in Part IV.B.3.

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

A more detailed explanation of each standard follows:

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

Two standards are used to determine whether a nonprofit organization is engaged in a "trade or business": (a) a 20-day standard, and (b) a \$25,000 receipts standard. Both of the standards must be exceeded before a nonprofit organization is considered to be engaged in a trade or business.

Note: In 2017, the 20-day standard will increase to 75 days per calendar year, and the \$25,000 receipts standard will increase to \$50,000 per calendar year.

A nonprofit organization is **not** considered to be engaged in a “trade or business” if:

1. Its sales of otherwise taxable products and services and its events occur on 20 days or less during the calendar year, regardless of the dollar amount of sales. For events involving the sales of tickets, only the actual days of the events are counted, not the days of ticket sales, **or**

Example: 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 20-day test, Boy Scout Troop should use the days of delivery, rather than days orders are taken.

2. Its “receipts” for the calendar year are \$25,000 or less, regardless of the number of days on which its sales or events occur. (For this purpose, “receipts” means the sales price from all sales in Wisconsin of otherwise taxable products after subtracting allowable exemptions.)

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 \$25,000 receipts test.

Example 2: Nonprofit Organization, which sells hundreds of Christmas trees, sells five Christmas trees for \$100 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 \$100 exempt sale to the school is not counted as receipts for purposes of the \$25,000 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 subject to sales tax, the \$5,000 that Nonprofit Organization receives from its sale of raffle tickets is not counted as receipts for purposes of the \$25,000 receipts test.

Note: If a nonprofit organization did not anticipate that it will exceed both the \$25,000 standard and 20-day standard, but both standards were exceeded, only the sales occurring after the standards were exceeded are subject to sales tax.

Example: Church holds sales on 23 days every year, in which its total sales of otherwise taxable products have continually increased from \$10,000 to \$20,000 each year. No entertainment is involved. Church's sales have never exceeded \$25,000 and it did not anticipate its sales to exceed \$25,000. Therefore, Church does not hold a seller's permit. In 2014, Church's total sales of otherwise taxable products exceeded the \$25,000 standard on its 22nd day of sales. Its total amount of otherwise taxable products for the entire 23 days was \$27,000. Only the sales after Church exceeded both the 20-day standard and the \$25,000 standard are subject to tax (i.e., the first \$25,000 of otherwise taxable sales are not taxable, but the \$2,000 in taxable sales that occurred after both the 20-day standard and the \$25,000 standard 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 standards for the occasional sale exemption, Church should continue to hold its seller's permit for future years. In 2015 and subsequent years, all of Church's sales of taxable products are subject to tax. See Part V.B. for more information about changes in activities.

B. Standard 2: *Entertainment is not involved at an event for which charges constitute admissions.*

1. Entertainment defined

For this purpose, “entertainment” means entertainment provided at an “admission” event by all persons or groups (e.g., band or singers) who are paid in the aggregate more than \$500 per event by all persons for performing, for reimbursement of expenses, or prize money. See Part IV.B.2. for the definition of “admissions.”

Note: In 2017, the \$500 entertainment standard will increase to \$10,000.

Example 1: Four different bands are paid \$200 each to perform at various times during a 3-day event. There is an admission charge for access to the event. Since the total payment for entertainment (\$800) exceeds \$500, entertainment is deemed to be involved. 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 \$300. Since the total payment for entertainment (\$600) exceeds \$500, entertainment is deemed to be involved. 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 \$800 to perform. Nonprofit Organization does not pay the celebrity. Sponsor pays the \$800 fee to the celebrity on behalf of Nonprofit Organization. Since the total payment for entertainment (\$800) by all persons exceeds \$500, entertainment is deemed to be involved. 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 \$1,000 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. **Note:** If Nonprofit Organization sells autographed items (e.g., autographed footballs) at the event, sales of the autographed items are subject to tax if Nonprofit Organization does not qualify for the occasional sale exemption (i.e., it exceeds both the 20-day standard and the \$25,000 receipts standard or if Nonprofit organization holds a seller's permit).

2. Admissions defined

For purposes of Standard 2, “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.

Note: Admissions to amusement, athletic, entertainment, or recreational events or places where entertainment is provided are subject to tax. 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 subject to tax. See *Example 4* below.

Example 1 – Entertainment Involved; Admission Restricted to Those Purchasing a Meal: Nonprofit Organization sponsors a dinner and dance in the high school gymnasium. The dance band is paid \$750. 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, sales of taxable products and services by Nonprofit Organization at this event are taxable.

Example 2 – Entertainment Involved; No Admission Charge: Nonprofit Organization holds a pig roast at the city park and pays a band \$600 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. 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 \$1,000 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. 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 subject to sales tax.

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 \$650 to play during a 30-minute intermission between speakers. The admissions to the educational seminar are not subject to Wisconsin sales and use tax 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 \$1,000 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.

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 IV.A. are not both exceeded. The admission charge is to an event involving entertainment which is conducted by Nonprofit Organization J, **not** Nonprofit Organization K.

3. Exception

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

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

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

Note: 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 20-day test and the \$25,000 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 2015, 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 (3 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 sales 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 IV.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.

Note: A nonprofit organization's bingo receipts **are not** included with all other sales in determining the 20-day test and the \$25,000 taxable receipts test in Standard 1.

Example: Nonprofit Organization has receipts of \$30,000 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 \$25,000 or less. The \$30,000 of bingo receipts are not included in determining the \$25,000 taxable receipts test in Standard 1.

V. 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 intends and believes "in good faith" that its activities in the following year will qualify as exempt occasional sales, except for its holding of a seller's permit, it may request inactivation of its seller's permit and have 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 has held seven 3-day events for a total of 21 days each year for the past five years. Receipts were always over \$30,000, and there were no admissions to professional entertainment. One event has lost money for the past two years. Nonprofit Organization intends to discontinue that event for the year 2016 and anticipates coming under the 20-day standard. It may request inactivation of its seller's permit effective at the end of 2015 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 subject to sales tax.

Example: Church held 18 days of events or sales in 2014 (receipts equaled \$30,000 and no entertainment was involved). It expected to hold the same 18 days of events in 2015. Church requested inactivation of its seller's permit effective December 31, 2014; however, in mid-2015, Church's garage was destroyed by fire. An additional 4-day event was held to raise funds to help replace the garage. After 20 days of sales in 2015, Church's receipts from otherwise taxable sales were \$35,000. Only the receipts from days 21 and 22 (the days exceeding the standard) are subject to sales tax.

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 15 days of sales in 2014. 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 2014, 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.

C. Inactivating a Seller's Permit Due to 2017 Law Change

Nonprofit organizations who hold a seller's permit on December 31, 2016, but whose sales in calendar year 2017 are not expected to exceed the new occasional sale exemption standards, may request inactivation of its seller's permit effective on or after January 1, 2017. The expectation that the organization will not exceed the standards must be made in "good faith." See Part V.B. for help in determining whether "good faith" applies, and when, due to unforeseen circumstances, an organization exceeds the standards.

See "[Making Changes to My Account](#)" on the department's website for information about how to inactivate your seller's permit.

Caution: Any sales made by a nonprofit organization in 2017 prior to inactivating its seller's permit do not qualify as exempt occasional sales, even if the other standards are met.

Example 1: Nonprofit Organization did not qualify for the occasional sale exemption in calendar year 2016, because it had taxable sales of \$30,000 on 50 days (i.e., both the 20-day standard and the \$25,000 receipts standard

were exceeded). Nonprofit Organization predicts that its taxable sales in 2017 will be consistent with 2016's sales. Nonprofit Organization may inactivate its seller's permit effective on or after January 1, 2017.

Example 2: Nonprofit Organization operates on a fiscal year beginning on July 1. In calendar year 2016, Nonprofit Organization did not qualify for the occasional sale exemption in calendar year 2016, because it had taxable sales of \$30,000 on 50 days (i.e., both the 20-day standard and the \$25,000 receipts standard were exceeded). Nonprofit Organization predicts that its taxable sales in calendar year 2017 will be consistent with 2016's sales. Nonprofit Organization may inactivate its seller's permit effective on or after January 1, 2017. It does not matter that Nonprofit Organization operates on a fiscal year. The occasional sale exemption standards are based on calendar year sales.

VI. PURCHASES OF ITEMS BY A NONPROFIT ORGANIZATION

Nonprofit organizations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, are exempt from Wisconsin sales and use tax on all purchases of taxable products and services. Such organizations must apply on [Form S-103](#), *Application for Wisconsin Sales and Use Tax Certificate of Exempt Status*, with the Department of Revenue for a Certificate of Exempt Status (CES), and, if approved, will be issued a CES number by the department. (See *Exceptions*, below.) An organization should provide its CES number to sellers when making purchases, and may use [Form S-211](#), *Wisconsin Sales and Use Tax Exemption Certificate*, or Form [S-211-SST](#), *Streamlined Sales and Use Tax Exemption Certificate*, when claiming exemption. See [Publication 201](#), *Wisconsin Sales and Use Tax Information*, Part XI.D., for additional information.

Exceptions: (1) Federal governmental units and Wisconsin state and municipal governmental units are not required to obtain a CES number. See Part XI.D.2. and 5. of [Publication 201](#), *Wisconsin Sales and Use Tax Information*, for additional information about sales to governmental units.

(2) An out-of-state organization that is organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, qualifies for exemption on its purchases to the same extent that a Wisconsin organization would qualify. The out-of-state organization does not need a Wisconsin CES number; however, it must provide the seller with a fully completed exemption certificate ([Form S-211](#) or [Form S-211-SST](#)) indicating that it qualifies for exemption under [sec. 77.54\(9a\)\(f\)](#), Wis. Stats.

Note: This exemption does not apply to purchases made by an out-of-state public school. Purchases in Wisconsin by an out-of-state public school are subject to tax.

Other nonprofit organizations are subject to Wisconsin sales or use tax on their purchases of taxable products and services, unless some other 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 even if the nonprofit organization's sale of the products qualifies as an exempt occasional sale. The nonprofit organization should provide the seller with a properly completed exemption certificate indicating resale.

Example: Nonprofit Civic Organization sells cans of soft drinks at parades. The sales of the soft drinks are not subject to Wisconsin sales or use tax, because they are exempt occasional sales. Nonprofit Civic Organization does not hold a CES number issued by the Department of Revenue. 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 ([Form S-211](#) or [Form S-211-SST](#)) indicating resale. In the space for the seller's permit number, Nonprofit Civic Organization should state that it is not required to hold a seller's permit because all of its sales are exempt.

VII. 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, and Races (and Other Participation Events)

Entry fees to runs, walks, races, and other customer participation events (e.g., golfing, dancing, card playing) are subject to tax. 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.

Admissions to events that are not amusement, athletic, entertainment or recreational in nature are not taxable. **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 subject to tax.

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.

Exception: 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.

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

The tax treatment of participation fees is further explained in the tax release titled "[Entry Fees for Runs and Races](#)," which was published on page 22 of *Wisconsin Tax Bulletin #74* (October 1991).

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

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 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), however, is not subject to Wisconsin sales or use tax. When the gift certificate is redeemed, the 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 subject to Wisconsin sales or use tax. 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 subject to tax. 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 subject to tax. 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.

VIII. IF 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 245](#), *Sales and Use Tax Information for Schools*
This publication also contains information for 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, email, write, or call the department.

Visit our website ..revenue.wi.gov

Email.....DORSalesandUse@revenue.wi.gov

WriteWisconsin Department of Revenue
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You may also contact any of the Department of Revenue offices. See the department’s website for a [listing of offices](#) and their current hours.