

- <https://www.revenue.wi.gov/Pages/faqs/pcs-n-profit.aspx>
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## Sales and Use Tax Nonprofit Organizations and Government Units - Certificate of Exempt Status

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### 1. What is a Certificate of Exempt Status (CES) number?

To assist retailers in identifying organizations that qualify to make purchases exempt from Wisconsin sales and use tax, the Department of Revenue will issue the qualifying nonprofit organization or governmental unit a Certificate of Exempt Status (CES) number.

### 2. What types of nonprofit organizations and governmental units qualify for a CES number?

The following types of nonprofit organizations and governmental units qualify for a CES number:

- Organizations organized and operated exclusively for religious, charitable, scientific or educational purposes, and for the prevention of cruelty to children or animals. Generally, organizations that qualify for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code will qualify for exemption from Wisconsin sales and use tax. These organizations are issued a Certificate of Exempt Status (CES).
- Federal governmental units and Wisconsin governmental units, including counties, cities, villages, towns and school districts, and any federally recognized American Indian tribe or band in Wisconsin, may also be granted a CES. Governmental units are not required to apply for a CES in order to receive exemption on their purchases; however, they may choose to do so.

Examples of organizations that **do not** qualify for sales tax exemption for purchases by nonprofits and will not be issued a CES are as follows:

- Civic organizations
- Chambers of commerce
- Business or union organizations
- Fraternal or recreational groups
- Professional societies
- Social clubs or veteran organizations and their auxiliaries
- Governmental units of other countries and states

Purchases made by these organizations are subject to Wisconsin sales and use tax unless some other exemption applies. Information on Internal Revenue Service requirements can be found at [irs.gov/charities/charitable/index.html](https://www.irs.gov/charities/charitable/index.html).

### 3. How do I apply for a CES number?

A CES number can be obtained by submitting a completed *Application for Wisconsin Sales and Use Tax Certificate of Exempt Status* [Form S-103](#) and the following documentation:

- Articles of incorporation or bylaws
- Statement of receipts (income) and disbursements (expenses) for the organization's last accounting period
- Federal Internal Revenue Service (IRS) determination letter

Governmental units need only submit the application

### 4. Should a nonprofit organization or governmental unit charge sales tax on its sales of taxable products and services?

A nonprofit organization or governmental unit's sales are not taxable if the nonprofit organization or governmental unit qualifies for the occasional sale exemption.

The occasional sale exemption applies if **all** of the following conditions are met:

- A. The nonprofit organization or governmental unit does not hold and is not required to hold a seller's permit.

**Exception:** If a nonprofit organization or governmental unit holds a seller's permit solely for the purpose of conducting bingo events, this condition is still met.

- B. The nonprofit organization or governmental unit's taxable sales are \$50,000\* or less during the calendar year, **or** the nonprofit organization or governmental unit's sales of otherwise taxable sales of products and services (including admissions to amusement, athletic, recreational, or entertainment events) occur on 75\* days or less during the calendar year. (For any sales of admissions or tickets, only the actual days of the events are counted, not the days of ticket or admission sales).

**Note:** If taxable sales exceed \$50,000\* **and** occur on more than 75\* days, the occasional sale exemption does not apply.

\*Prior to January 1, 2017, the receipts standard as \$25,000 and the number of days standard was 20.

- C. The nonprofit organization or governmental unit does not conduct an admission event involving entertainment if the total amount paid to all entertainers is in excess of \$10,000\*, including amounts paid as prize money or reimbursement of expenses.

\*Prior to January 1, 2017, the entertainment standard was \$500.

**Note:** If, for example, the nonprofit organization or governmental unit were to pay \$15,000 in total to performers to appear at a concert for which it charges admission, the nonprofit organization or governmental unit would not meet Condition C for that event.

A nonprofit organization or governmental unit 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 tangible personal property and taxable services on these days, and
- Request inactivation of the seller's permit after the event by contacting the Department of Revenue.

If the above three steps are taken, the nonprofit organization or governmental unit may still make exempt occasional sales on days not covered by the permit. (**Note:** These days and receipts are included in determining if Condition B is met.)

If the nonprofit organization or governmental unit is required to hold a seller's permit, its sales do not qualify for the exemption.

#### **FOR MORE INFORMATION PLEASE CONTACT:**

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