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## CHARITABLE AND GOVERNMENT EXEMPTION

This tax guide is prepared and published for the information of the general public and all persons in business pursuits who would be required to make payment of Sales Tax or Use Tax under provisions of the City of Fort Collins Sales and Use Tax Code, as well as for the guidance of the City employees whose responsibility it is to collect the taxes imposed by the Tax Code and the enforcement thereof. The following guide is exactly as it says, a GUIDE, and not to be used in any case of law. Please refer to the City of Fort Collins Sales Tax Ordinance for any references to your particular business operation for the official laws imposed by the City.

### GENERAL

The City of Fort Collins Sales and Use Tax Ordinance provides exemption from the sales, use and lodging tax on sales to charitable organizations when the service or property purchased is to be used in the conduct of their regular charitable or governmental functions and activities.

A charitable organization must apply for an Exempt Organization License from the City of Fort Collins in order to qualify for the exemption. The Application for Exemption from the City of Fort Collins Sales Tax form can be obtained on the Sales Tax Division website or by contacting the Sales Tax Division. Upon approval, the organization will be issued a license which is valid for up to three years and may expire earlier if the nature of the organization or its activities change so that it no longer qualifies for exempt status.

The City of Fort Collins does not issue an exemption certificate to government organizations.

A tax exemption certificate issued by the U.S. Government or the State of Colorado for exemption from federal or state taxes, respectively, does not automatically entitle an entity to exemption from paying Fort Collins taxes.

### DEFINITIONS and QUALIFICATIONS

Governmental organizations include the City of Fort Collins, the State of Colorado, the United States Government, and their departments, institutions, and political subdivisions. This definition includes Colorado counties, municipalities, and certain special districts.

Charitable organizations are defined in the City of Fort Collins Municipal Code.

To qualify for exemption, a charitable organization must demonstrate all of the following qualifications:

1. The organization has been certified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code;
2. The fees charged by the organization are directly related to the benefits received;
3. The organization exclusively, and in a manner consistent with existing laws and for the benefit of an indefinite number of persons, freely and voluntarily ministers to the physical, mental or spiritual needs of persons, and which thereby lessens the burdens of government; and
4. The organization is not operated at a profit to its members or shareholders.

### PURCHASES MADE BY CHARITABLE and GOVERNMENTAL ORGANIZATIONS

An exemption from sales, use and lodging tax for purchases made by government and charitable organizations may apply if those purchases meet all of the following criteria:

1. The purchase must be related to the regular charitable, religious or governmental functions and activities;
2. The purchase must be billed directly to the organization, and payment must be made directly from the organization's funds (purchases made by individuals who will subsequently be reimbursed by the organization do not qualify); and
3. The organization must not be reimbursed, in whole or part, for the purchase in any way including, but not limited to, the sale of a ticket, collection of a registration fee, or receipt of an involuntary contribution.

The vendor has the burden of proving that a transaction was properly exempted. An Affidavit of Non-Taxable Sale to Tax-Exempt Organization form can be obtained at the Sales Tax Division website or by contacting the Sales Tax Division. This form will aid the vendor in determining if a sale qualifies for exemption. In uncertain situations, the vendor must collect the tax and the charitable organization may apply directly to the City for a refund of the disputed tax.

#### EXAMPLES

1. A teacher at a local public school is purchasing supplies for his classroom. The teacher is paying with a personal check, but claims that the purchase will be reimbursed by his school. Because the purchase is not paid for directly by the funds of the government, the sale is not tax exempt.
2. An employee of a local college buys office supplies from a local vendor and furnishes a copy of a purchase order to the vendor, who subsequently bills the school for the supplies. Because the supply purchase is billed to and paid for directly by funds of the government, the purchase is properly exempted from sales tax. The vendor should attach a copy of the purchase order to the invoice as proof of proper exemption.
3. Pathways Church, a church from Colorado Springs, is holding an event at a local hotel in Fort Collins. While they are a 501(c)(3) organization, they do not have a City of Fort Collins Exempt Organization License. The hotel must charge the church the appropriate sales and lodging taxes.
4. Riverdance, a local dance company is leasing office equipment. The company does not have a City of Fort Collins Exempt Organization License and is required to pay sales tax on their office equipment lease.
5. A local charitable organization, which has a City of Fort Collins Exempt Organization License, is purchasing supplies for an event. If they present their City of Fort Collins Exempt Organization License to vendor, the purchase is not subject to sales tax.

#### RELATED TAX GUIDE TOPICS

DOCUMENTATION FOR SALES TO RETAILERS, TAX-EXEMPT ORGANIZATIONS AND GOVERNMENTAL AGENCIES

#### CITY OF FORT COLLINS SALES AND USE TAX ORDINANCE

Section 25-71	Definitions.
Section 25-73	Imposition of the sales tax.
Section 25-74	Imposition of the use tax.
Section 25-94	Exempt organization license; application procedure.