

SALES TAX NOTES

SALES TAX EXEMPTION

- This is an exemption from PAYING sales tax on purchases.
- Apply for sales and use tax exemption using application AP-204 (based on IRS exemption for 501(c)(3)) or AP-207 (based on educational organization for PTO) at <https://comptroller.texas.gov/forms/ap-207.pdf>
- Organizations exempt from sales tax are entitled to two “one-day tax-free” sales days per calendar year NOT school year. Suggest holding one fundraiser in the spring and one in the fall.

SALES TAX PERMIT

- Allows an organization to SELL taxable items in Texas and collect sales tax.
- Apply online for a FREE sales tax permit at <https://www.comptroller.texas.gov/taxes/permit/>
- Best to NOT apply for Permit if you only plan to sell non-taxable items and to use the two tax-free days.
- MUST apply for permit if you plan to sell taxable items on MORE THAN the two tax-free days.
- Requires permit holders to file a Sales and Use Tax Return

TEXAS SALES AND USE TAX RETURN

- Permit holder is required to submit a return.
- Due either monthly, quarterly, semi-annually, or annually.
- Due on the 20th day of the month following the end of each reporting period. Due by 1/20, 4/20, 7/20, and 10/20 (if quarterly).
- If selling price includes sales tax, this must be printed on the sales material.
- To determine taxable sales for the Sales and Use Tax Return, when sales tax is included in the price, divide the sales price by 1.0825 (if your sales tax rate is 8.25%)
- Filing online and paying using your bank routing number is easy and quick.
- \$50 Penalty plus interest on the sales tax due for late filing.
- Estimated sales tax bill is due to the state for failure to file a return on time.

TWO TAX-FREE FUNDRAISERS

- Allows an exempt organization to sell taxable items as a fundraiser and **not** collect sales tax.
- Tax-free sales must be selected in advance, best to do when planning yearly fundraisers.
- Orders and money collection can take place for as long as you want before the fundraiser items are distributed to the purchasers.
- For tax-free fundraiser, all items sold must be distributed to the purchasers within the same 24- hour day.

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TWO TAX-FREE FUNDRAISERS

- If extra fundraiser items are sold or delivered after the tax-free day, sales tax must be collected on them.
- Not needed for sales of tax-exempt items like cookie dough, car-washes, coupon books, or for catalog sales.

CATALOG SALES

- For catalog sales of taxable items and book fairs, you are considered an agent of the vendor. These fundraisers are ALWAYS taxable.
- As an agent of the vendor, you cannot use a “one-day tax-free” sales day.
- Make sure that you and the vendor are in agreement on the handling of the sales tax.
- Collect the sales tax and remit it to the vendor. The vendor is responsible for paying the sales tax to the Texas Comptroller’s Office.
- Examples are: candles, gift wrap, trinkets, etc. where the organization receives a commission on their sales.

SALES TAX STATUS OF ORGANIZATION

- Look up the status of your organization to determine if you have a sales tax permit and exemption at <https://comptroller.texas.gov/>
- [Sales Taxpayer Search](#)
- [Exempt Organization Search & Verification](#)

TEXAS COMPTROLLER’S OFFICE – SALES TAX

- [Sales and Use Tax General Information](#): 1-800-252-5555
- [Exempt Organizations Department](#): 1-800-519-5677

CONROE ISD-INTERNAL AUDIT DEPARTMENT

- [CISD Educational Support Groups Information](#)
- Phone: 936-709-7749
- Fax: 936-709-9749