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MISSISSIPPI
STATE TAX COMMISSION

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Notice 05-05

Notice to All Organizations Hosting Charitable Fund Raising Events

The purpose of this Notice is to provide information on the taxability of charitable fund raising events sponsored, organized and hosted by religious, charitable, educational organizations or nonprofit civic clubs or fraternal organizations that are open to the public. This Notice is not meant to cover any events held exclusively for the members of a club or organization nor does it include auctions or promoted events as defined in Sales Tax Rule 83 – Auctions, Flea Markets, Antique Malls, Promoted Events and Other Similar Establishments, and Consignment Sales.

Section 27-65-22, Mississippi Code of 1972, levies a tax on the gross income from admissions charges. This tax applies to all manner and forms of entertainment, amusements, sport, recreation or pastime, shows, exhibitions, contests, displays, games or any other methods of obtaining admission charges, donations, contributions or monetary charges regardless of where the event is held. This Section also provides an exemption from tax for admissions to events hosted by organizations listed above when the proceeds from such events: 1) do not belong to any one or more individuals with the organizations, 2) are used solely for religious, charitable, educational or civic purposes or 3) used to defray the normal operating expenses of such organization.

Any admissions charge at such an event as described above is exempt from sales tax, however, sales or use tax will be due on any purchases or donations made for the event. The event sponsor must contact the local Tax Commission office where the event is being held to register the event. A Registration Application must be completed and must be signed by a current officer of the organization. Additionally, the sponsor must obtain a temporary beer and/or liquor permit if such items are to be served at the event. The temporary beer permit may be obtained for a fee of \$10.00 from the local Tax Commission office when registering the event. A liquor permit may be obtained for a fee of \$35.00 through the Alcoholic Beverage Control Division of the Tax Commission. You may contact the ABC Division at (601) 856-1330.

Food, Drinks and Supplies for the Event.

1. Purchases. Food, drinks and supplies purchased for the event are taxable on the purchase price or cost. This tax must either be paid to the vendor at the time of purchase, or paid directly to the State on the cost of items brought into this state.

2. Donations. Food or drink donated for the event is taxable on the cost of such items as a withdrawal from stock or inventory. This tax should be paid to the Tax Commission by the person(s) making the donation.

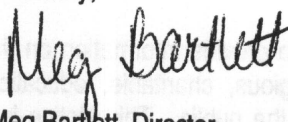
Items for Sale or Auction at the Event.

1. Purchases. Items purchased for sale or auction at the event are taxable on the purchase price or cost. This tax must either be paid to the vendor at the time of purchase, or paid directly to the Tax Commission by the event sponsor on the cost or value of items brought into this state.

2. Donations. Any items donated for sale or at the event are taxable on the cost or value of the item being donated. This tax should be paid directly to the Tax Commission by the person(s) making the donation.

If you have any questions, please contact the Sales and Use Tax Bureau at 601-923-7015 or your local Tax Commission District Service Office.

Sincerely,



Meg Bartlett, Director
Sales and Use Tax Bureau