



Important Information for Nonprofit Organizations

When a 501C Non Profit Organization has a “tax exempt” status, it means that they are exempt from paying **Federal Income Tax and Property Tax** and not from paying NC State Sales Tax.

They are still required to pay NC State Sales Tax. The Non Profit can submit forms to the IRS for reimbursement of the Sales Tax paid.

See the NC State Handbook “State Taxation and NonProfit Organizations” excerpt below;

Sales of taxable tangible personal property to nonprofit hospitals, nonprofit educational institutions, churches, orphanages, other nonprofit charitable or religious institutions and organizations, and homes for the aged, sick, or infirm whose property is excluded from property tax are subject to State and local sales or use tax when such property is purchased for use or consumption.

North Carolina law does not exempt nonprofit organizations from payment of sales and use tax on items they purchase for use.

However, G.S. 105-164.14(b) provides for semiannual refunds of sales and use tax paid by the above types of qualified organizations and institutions on direct purchases of tangible personal property for use in carrying on their nonprofit work. This refund is not to include sales tax paid on taxable sales made by such organizations and institution

See the full handbook here; <http://www.dornc.com/publications/nonprofit2008.pdf>

The only form that allows any business, including DeeJay’s Event Rentals LLC to LEGALLY remove NC State Sales Tax is a SIGNED Sales & Use Certificate of Exemption form with the Account ID number issued by the NC State Department of Revenue from the Merchant’s Certificate of Registration for Sales Tax Exemption.

We verify your Account ID# issued by the Department of Treasury (and found on your Certificate of Registration) at this State Database;

<https://eservices.dor.nc.gov/salesdatabase/>