

Use

Tax

information provided by Gina DeConcini, a partner in the Corporate Finance & Transactions Group at Oppenheimer Wolff & Donnelly LLP

Organizations that qualify as [tax](#)-exempt charitable entities under Section 501(c)(3) of the Internal Revenue Code for [income tax](#) purposes must still apply separately for exempt status in Minnesota from property and/or sales tax. This exemption request can be denied (or revoked) if the organization does not also operate as a “purely public charity” under Minnesota law.

Minnesota Statute §297A.70(4)(a)(1) exempts certain sales to nonprofit organizations that are organized and operated “exclusively for charitable purposes” if the purchased items are used in the performance of the charitable function. The [Minnesota Department of Revenue](#) considers the tests for determining whether an organization qualifies for the sales tax exemption to be identical to the tests for determining property tax exemption for “purely public charities.”

This exemption allows purchases on office supplies, furniture, vehicles, computer equipment and other taxed items to be purchased without paying a sales tax. [To apply](#) for sales tax exemption, organizations must complete and submit [Form ST16 — Application for Certificate of Exempt Status](#) to the Minnesota Department of Revenue.

For sales and use tax, the [Minnesota Department of Revenue Sales and Use Tax Division](#) makes the initial exemption decision. Organizations that are notified that their sales tax exempt status will be revoked are entitled to administratively appeal the decision with the Minnesota Department of Revenue. A request for a hearing should be filed with the Department of Revenue within 60 days of receipt of the Notice of Revocation. Details regarding the form and contact information to be included in the request for hearing are included in the Notice of Revocation. Nonprofit entities should be prepared to summarize the grounds for their appeal within the request for hearing. Entities who are denied exempt status may also challenge the decision in either tax court or civil court.

[LegalCORPS](#), with the assistance of the Minnesota Council of [Nonprofits](#), is offering brief telephone advice by pro bono attorneys to nonprofits who are concerned about their property and/or sales tax exemption.

Proof of tax exemption is required when making an approved tax exempt purchase. Exempt organizations must provide a completed and signed copy of Minnesota Department of Revenue [Form ST3 - Certificate of Exemption](#) to the seller.

Organizations who sell taxable items (such as publications, jewelry, etc), must additionally collect sales and use tax and file these taxes with the Minnesota Department of Revenue. [For more information](#) about collection and remittance of sales and use tax, please visit the

[Minnesota Department of Revenue Sales and Use Tax Division](#) for more information.

The above information was provided by Gina DeConcini, a partner in the Corporate Finance & Transactions Group at Oppenheimer Wolff & Donnelly LLP. Gina's practice focuses on tax planning, controversy and merger and acquisition transactions. She joined Oppenheimer with 14 years of experience in the public accounting field. She also serves as treasurer of the Tax Section of the Minnesota State Bar Association. In addition, she is a frequent speaker on multistate and international tax topics for various professional organizations. She received her J.D., cum laude, from the University of Minnesota Law School.

Gina's efforts were provided in her capacity as a volunteer of LegalCORPS. LegalCORPS assists small Minnesota nonprofits with high-quality, pro bono business legal services they cannot afford. LegalCORPS' lawyer volunteers assist small nonprofits – whether their mission is in social services, education, cultural and charitable services, promoting economic development or