

**MICHIGAN DEPARTMENT OF TREASURY
REVENUE DIVISION
SALES AND USE TAXES**

R 205.140. Nonprofit entities.

Rule 90. (1) Sales of tangible personal property and services to properly qualified nonprofit entities for their own use and consumption, but not for resale, are exempt.

(2) The claimant shall meet the following requirements for exemption:

(a) Qualify as a school, hospital, home for the care and maintenance of children or aged persons, and other health, welfare, educational, charitable, or benevolent institutions and agencies.

(b) Be operated by an entity of government, a regularly organized church, religious or fraternal organization, a veterans' organization, or a corporation incorporated under the laws of the state.

(c) The income or benefit from the operation shall not inure, in whole or in part, to any individuals or private shareholders, directly or indirectly.

(d) The activities of the entity or agency shall be carried on exclusively for the benefit of the public at large and not limited to the advantage, interests, and benefits of its members or any restricted group.

(3) When an exemption is claimed, the seller, at the time of transfer of the tangible property or services, shall retain, as part of the seller's records, an executed exemption certificate which reads as follows:

**CERTIFICATE TO BE EXECUTED WHEN TAX-EXEMPT SALE
IS MADE TO AN EXEMPT INSTITUTION OR AGENCY**

The undersigned hereby certifies that the item or items being purchased are to be used or consumed in connection with the operation of the exempt institution or agency named in the space provided below, and that the consideration of this purchase moves from the funds of the designated institution or agency. In the event this claim is disallowed, the transferee promises to reimburse the seller for the amount of tax involved.

Name of exempt institution or agency

Date: _____

Signature and title of person
making certification

(4) The department does not issue so-called "exemption numbers." If there is some question regarding exemption status, the claimant may contact the department for a ruling.

(5) Nonprofit entities engaged in a retail sales activity of any kind are required to have a sales tax license. The fact that the receipts or profits from such sales may be used for otherwise exempt purposes is not material.

