

State Regulatory Information

This section has been prepared to provide general, not specific or all-inclusive, information to Booster Clubs regarding state tax regulations. Steps have been documented to aid a Booster Club in abiding by the regulations; however, these steps are only general guidelines and do **not** ensure that a Booster Club will remain in compliance with all state tax regulations.

Each Booster Club should strive to remain in good standing with all state agencies. **Therefore, each Booster Club is responsible for obtaining its own competent independent counsel on accounting and tax matters related to its specific circumstances.** This counsel may include a Certified Public Accountant (CPA) or an attorney. The cost of these services would be the Booster Club's responsibility.

General State Regulatory Information

Booster Club officers are solely responsible for ensuring that their Booster Club is in compliance with all state regulations. Therefore, the District, including any District employee, is not responsible for a Booster Club not being in good standing with all state agencies. However, the District has provided the following information that includes detailed steps Booster Clubs should take to comply with state tax regulations.

This information is organized as follows:

[Qualifying for Exemption from Texas Sales and Use Tax](#)

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Qualifying for Exemption from Texas Sales and Use Tax

To apply for exemption based on the federal exempt status, complete application *AP-204*. See website at www.window.state.tx.us/taxinfo/exempt. On this webpage, you may also do an Exempt Organization Search to verify if your Booster Club is exempt.

The sales and use tax exemption allows approved organizations an exemption from sales tax when purchasing items to further the organization's exempt purpose. Although sales tax exemptions apply to purchases necessary to an organization's exempt function, the exempt organization must collect tax on most of its sales. **This exemption process is separate and in addition to applying for federal tax-exemption from the IRS.**

When making purchases of taxable items for resale, the organization would issue a **resale certificate (Form 01-339-front)** in lieu of paying tax. When making purchases of items for the organization's exempt function or to purchase taxable items for resale during its designated tax-free sale days, the organization would issue an **exemption certificate (Form 01-339-back)**.

Booster Clubs with sales tax exemptions are entitled to two (2) "one-day, tax-free" sales or auctions per calendar year. A fund-raiser qualifies for the "one-day, tax-free" sale/auction if all items are to be delivered on one day. Each "one-day" sale/auction may not exceed 24 consecutive hours.

Remember: You must be granted the exemption first to be entitled to the two (2) "one-day, tax-free" sales or auctions per calendar year.

Sales of items such as T-shirts, candles, cups, etc. are subject to sales tax when sold on days other than the two (2) "one-day, tax-free" sale/auction days.

All **catalog fund-raisers** are considered taxable, and **CANNOT** be considered as one of your two (2) "one-day, tax-free" sales per calendar year. Your booster club is considered an agent of the vendor and, therefore, must collect sales tax for items sold that are taxable.

If you plan to hold a catalog fund-raiser, tax must be collected for those items in the fund-raiser that are taxable. For instance, gift wrap is taxable, but cookie dough is exempt from sales tax by law. The vendor should remit the applicable sales tax to the Texas Comptroller's Office.

For more information, please read the Sales and Use Tax Bulletin “[School Fundraisers and Texas Sales Tax](#)”. It can also be found on the following link:

http://www.window.state.tx.us/taxinfo/taxpubs/tx94_183.pdf

If you are exempt from sales tax and are planning to make any taxable sales outside of the two tax-free days, you would need to apply for a sales tax permit and charge sales tax on taxable items not sold during the two tax-free days. Of course, if you have not previously applied for sales tax exemption and been approved for such an exemption, you do not have two tax-free sale days. You would have to apply for a sales tax permit and charge tax on all taxable sales.

Obtaining a Texas Sales Tax Permit

To sell any taxable items within the State of Texas, a company, organization, or person must apply for a Sales Tax Permit. Booster Clubs should obtain a Texas Sales Tax Permit if you intend to sell goods or taxable services in Texas. The sale of goods does include fund-raisers, such as sales of candles, t-shirts, and other items. In addition, some Booster Clubs sell services that may be taxable.

Booster Clubs may obtain a Texas Sales Tax Permit by submitting the completed application to the Texas Comptroller’s Office. You **must** apply on-line for the Texas Sales Tax Permit.

Note: Go to the Texas Comptroller of Public Accounts website at www.window.state.tx.us.

A Texas Sales Tax Permit will be issued to the Booster Club along with a Sales Tax Permit Number. The Texas Sales Tax Permit Number has 11 digits and begins with a 1, 2, or 3. The permit numbers beginning with a "1" are based on an entity's EIN. Those permit numbers beginning with a "2" are based on a person's social security number. The permit numbers beginning with a "3" are assigned by the Comptroller’s Office.

Booster Clubs cannot use the District's Sales Tax Permit Number.

To determine if your Booster Club has a permit you may use the searchable Taxpayer Information Database at www.window.state.tx.us/taxinfo/exempt.

Reporting Requirements

The Texas Comptroller’s Office requires that Booster Clubs file at least one sales tax report per calendar year. The frequency of filing the sales tax report is determined by the Texas Comptroller’s Office. The amount of anticipated sales tax payments affects the frequency of reporting. The sales tax reports may be due monthly, quarterly, or annually. Some Booster Clubs have reports due on a seasonal basis (semi-annually). This reporting frequency is no longer available for new Booster Clubs.

Since sales tax payments may vary from year to year, the frequency of reporting can also change. The Texas Comptroller’s Office will generally communicate changes in filing requirements to the Booster

Clubs in writing. In addition, the Texas Comptroller's Office will generally mail the required reporting form and information to organizations that have obtained a Sales Tax Permit.

Please see [Further Questions](#) for more information.

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Franchise Tax

Every profit and nonprofit corporation in Texas must file all franchise tax reports and public information reports with appropriate payment until the Comptroller's office has granted tax exemption. Failure to do so will cause the loss of corporate privileges as well as the forfeiture of charter by the Texas Secretary of State.

Booster Clubs that have received their Determination Letter from the IRS granting 501(c)(3) tax exemption may also request exemption from the Texas franchise tax through the Texas Comptroller's Office.

Although a nonprofit corporation that is exempt from federal income tax under Internal Revenue Code 501(c)(3) is exempt from franchise tax, the exemption is **not automatically granted**. Booster Clubs must apply for exemption with the Texas Comptroller's Office based on the federal exempt status.

For additional franchise tax information, go to the Texas Comptroller's Office website at www.window.state.tx.us under Franchise Tax.

Change in Address

If the mailing address for the Booster Club changes, immediately notify the Texas Comptroller's Office. Failure to do so may result in important correspondence being lost. To avoid frequent mailing address changes, the Texas Comptroller's Office recommends that each Booster Club obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official Booster Club mail. In addition, the

post office box address and keys can be given easily to the new officers at the beginning of each new year.

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Further Questions?

Texas Comptroller's Office

Sales & Use Taxes	1-800-252-5555 (toll-free)
Franchise Tax	1-800-252-1381
Certificates of Account Status/ Good Standing	1-800-252-1386
Exempt Organizations Department	1-800-531-5441 ext. 34142

Website addresses

Texas Comptroller's Office	www.window.state.tx.us
Sales Tax Information	www.window.state.tx.us/taxinfo/sales
Exempt Organizations	www.window.state.tx.us/taxinfo/exempt

For frequently asked questions concerning Exemptions for Nonprofit Organizations, please go to:
<http://www.window.state.tx.us/taxinfo/exempt/exemptfaq.html>

For frequently asked questions concerning Sales and Use Taxes, please go to:
<http://www.window.state.tx.us/taxinfo/sales/questions.html>

The following publications are also available in the Exhibits:

[School Fundraisers and Texas Sales Tax](#)
[Exempt Organizations: Sales and Purchases](#)

