

Texas Tax Exemptions for Nonprofit Organizations

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The following excerpts were downloaded from the Texas State Comptroller's website. The information documented below is subject to change by the Texas State Comptroller's Office. Therefore, for the most up-to-date version of this information, please go to

<http://www.window.state.tx.us/taxinfo/exempt/exemptfaq.html> .

Are 501(c) organizations exempt from state taxes?

Not automatically. However, the Tax Code recognizes certain federal exemptions for exemption from franchise tax and sales tax. If your organization has received exemption from federal taxation under 501(c)(3), (4), (8), (10) or (19), it qualifies for exemption from sales tax and, if incorporated, franchise tax. Exemption from franchise tax is possible if your organization received a federal exemption under 501(c)(2), (5), (6), (7), (16), or (25). Complete [AP-204](#) and send it to us along with the required documentation listed on the application.

Organizations that are exempt because of their IRS status are not exempt from hotel occupancy tax. To receive a hotel occupancy tax exemption, religious, charitable and educational groups with IRS 501(c) exemption should complete the application specific to their organization type.

Applying for Exempt Status

To apply for exemption, complete the appropriate application and include the required documentation.

If your organization is applying for exemption:

- as a charitable organization...complete [AP-205](#).
- as a religious organization...complete [AP-209](#).
- as a homeowners' association...complete [AP-206](#).
- as an educational organization...complete [AP-207](#).
- as any other exemption type...complete [AP-204](#).

Our mailing address is on the application.

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What can an exempt organization buy tax free?

An exempt organization that is exempt from sales tax may buy tax-free goods and services that further the organization's exempt purpose. When purchasing a taxable item, an exempt organization must give the retailer a properly completed exemption certificate to document the exempt sale. The certificate must be issued on a timely basis and it must include certain specific information. See [Rule 3.287](#).

When should sales tax be collected?

Generally, exempt groups must obtain sales tax permits and collect and remit sales tax on all items they sell.

Should an exempt organization making sales collect sales tax?

Generally, exempt organizations must obtain sales tax permits and collect and remit sales tax on all goods and taxable services they sell. See our publication [Exempt Organizations - Sales and Purchases](#) for a list of limited exceptions.

If you need a sales tax permit, complete form [AP-201](#)

I travel on behalf of my organization. Am I eligible for hotel tax exemption?

Organizations that have been granted a charitable, religious or educational exemption are exempt from state hotel occupancy tax. Employees of such an organization may issue a properly completed hotel occupancy [tax exemption certificate](#) to the hotel at the time of registration, when traveling on official business for the organization. Effective October 1, 2003, the hotel may require a copy of your exemption letter or verification, such as a printout from the Comptroller's list of exempt entities, showing the organization is exempt from hotel tax. Local hotel taxes are still due.

My organization has a federal tax identification number. Does that mean that we are tax-exempt?

No. Merely having a federal tax identification number or federal employer identification number (FEIN) does not mean that an organization is exempt from state or federal taxes.