

Memo To: Chapter Executive Board

From: Jim Woehlke, Counsel

Subject: Sales tax exemption

Date: May 12, 2003

How are chapter purchases handled for sales tax purposes?

Generally speaking, the NYSSCPA and its chapters are NOT exempt from sales tax. Although activities of certain “charitable organizations” are exempt from NY sales tax, a professional society such as the NYSSCPA is NOT a charitable organization. All purchases by the NYSSCPA, including its chapters, are, therefore, subject to sales tax, unless a given purchase happens to qualify as a nontaxable transaction.

BUT, though the Society itself is not an exempt organization, certain transactions such as promotional materials sent via a common carrier or the U.S. Postal Service may qualify for exemption.

What about educational activities?

When educational activities are carried on by the NYSSCPA, including its chapters, the associated purchases are NOT exempt from sales tax. The fact that FAE is a sponsor or a co-sponsor of an event and that the FAE sponsor number is being used to support the qualification of the educational activity as CPE for accountants is not the governing factor in determining sales-taxability.

What determines if an educational activity is being carried on by one or the other organization is who keeps any net revenue or suffers any net loss from the activity. Chapter-related educational activities, then, are NOT exempt from sales tax.

Exempt Transactions

The sales tax law does exempt certain types of transactions, including expenditures for promotional materials, and attached to this memo is a copy of New York State form ST-121.2 which can be given to your printers. If you have questions about this issue, please contact me at 212-719-8347.