



City and Borough of Sitka

100 LINCOLN STREET • SITKA, ALASKA 99835

Sales Tax Interpretation 11-04

Definition of Casual Sales for Non-Profit Organizations

Per the City and Borough of Sitka General Code 4.09.010 Levy of sales tax...

A. There is levied a consumer's sales tax on sales, rents, and leases made in the city and borough of Sitka. This tax applies to sales, rentals, and leases of tangible personal property; sales of services sold within the city and borough of Sitka; sales of services performed wholly or partially within the city and borough of Sitka when the provision of such services originates or terminates within the city and borough of Sitka; and rentals and leases of real property located within the city and borough of Sitka.

Since all sales/services, rents, and leases are subject to the sales tax then first one must determine if the non-profit is exempt from collecting sales tax. SGC 4.09.100 (L) states...

L. Nonprofit Charitable Organizations. Sales made by nonprofit charitable organizations which do not have paid employees and which do not keep normal business hours are exempt.

If the non-profit charitable organization keeps regular business hours or has any paid employees, then this organization is required to levy sales tax. If the non-profit charitable organization is a business required to levy sales tax, then one must look at the sales transaction to determine if it is exempt from sales tax. SGC 4.09.100(A) states...

A. Casual Sales. A casual and isolated sale not made in the regular course of business is exempt from the levy of sales tax imposed by Section [4.09.010\(A\)](#).

And finally the Free Dictionary.com defines fundraiser as...

The organized activity or an instance of soliciting money or pledges, as for charitable organizations or political campaigns.

Thus, it is the City and Borough of Sitka's determination that a fund-raiser for a non-profit organization, that meets the qualifications to levy sales tax, is not subject to sales tax if it is a one time occurrence per year. This organized activity selling goods/services must not be a regular ongoing business activity to qualify for a casual sale exemption. Therefore, an annual fundraising banquet would not be subject to sales tax.

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