



### **Parish Purchases and Minnesota Sales Tax**

Each parish should have its own Minnesota Sales and Use Tax Certificate of Exemption. This certificate exempts the parish from paying sales tax on most ordinary purchases, including utilities.

You can obtain forms and instructions from the Minnesota Department of Revenue at 1-800-657-3777 or on the internet at [www.taxes.state.mn.us/salestax/forms/salestax.html](http://www.taxes.state.mn.us/salestax/forms/salestax.html). A copy is also provided at Appendix A-12.

### **Collection of Minnesota Sales Tax**

- A. Generally, sales of food and beverages are exempt from sales tax if the sales are in the ordinary course of the activities of the church or school (e.g., school cafeteria).
- B. If a church or other affiliated organization caters wedding receptions, dinners, and other events for members and nonmembers alike, the sale of food and beverages is subject to sales tax unless it qualifies as an “isolated sale.” Isolated sales are those otherwise taxable events which occur no more frequently than three times or for more than a total of seven days in any calendar year.
- C. Sales tax may apply to some items that are sold in a fund-raising activity unless it qualifies as an isolated sale. Examples include school supplies, calendars, candles, cosmetics, greeting cards, holiday decorations, stationary, and religious articles including books, compact discs, and audio and video tapes. Other items such as, baked goods, candy, clothing, and magazines are not taxable.
- D. If outside vendors participate in craft shows or fund-raising events held in parish facilities where the vendor is selling taxable merchandise, the parish or school must see that all such vendors have sales tax licenses. The responsibility to collect and remit the tax remains with the vendors.
- E. An application for a sales tax license can be obtained from the Minnesota Department of Revenue at 1-800-657-3777 or on the internet at [www.taxes.state.mn.us/salestax/forms/salestax.html](http://www.taxes.state.mn.us/salestax/forms/salestax.html). There is no charge for the license.
- F. All sales tax returns must be filed using the e-File Minnesota electronic filing system. Information can be obtained from the telephone number and internet website given in the preceding paragraph.



### **Federal Income Tax Reporting and Withholding Requirements for Lotteries, Prizes and Bingo**

The rules in this area are somewhat complicated. Please refer to the IRS publication “*Instructions for Forms 1099, 1098, 5498, and W-2G*”. The document can be viewed online at the IRS’s web site, [www.irs.gov](http://www.irs.gov). At a minimum, you should be aware of the following rules:

- A. Issue the winners Form W-2G for sweepstake and lottery winnings of \$600 or more. This includes non-cash winnings. Federal income tax withholding of 28% applies for sweepstake and lottery winnings of more than \$5,000.
- B. Form W-2G is also to be issued to bingo winners totaling \$1,200 or more per event. Federal income tax withholding does not apply to bingo winnings.
- C. Obtain the winner’s name, address and social security number if you are required to issue a W-2G. You may use Form W-9, *Request for Taxpayer Identification Number and Certification*, to request the Taxpayer’s identification number

### **Unemployment Tax**

Parishes and religious organizations are exempt from federal unemployment taxes. Parishes and religious organizations under 501(c)(3) tax exempt laws may opt for one of two state unemployment tax methods. An organization may either choose to pay regular state unemployment tax or reimburse the State for actual unemployment benefits paid to former employees. If choosing the reimbursement method, Form DEED-13NP, *Report to Determine Liability for Nonprofit Employers*, must be filed with the Minnesota Department of Employment and Economic Development. A copy of this form is provided in Appendix A-30.