

# Sales Tax Return for Special Events

Issued under authority of Public Act 167 of 1933 and P.A. 122 of 1941, as amended. Filing is mandatory.

Generally, retail sales of food, drink, auction items and other items made by an organization during a fundraising event are subject to Michigan sales tax. Michigan's General Sales Tax Act (MCL 205.52(1)) provides that anyone making retail sales is subject to a 6 percent sales tax on gross proceeds. The act specifically includes nonprofit organizations as subject to the tax. However, see the Special Rules for Nonprofit Organizations on page 2 of this form.

Generally, a sales tax license is required if an organization has more than two fundraising events in one calendar year. To register for a sales tax license, visit Michigan Treasury Online at [mto.treasury.michigan.gov](http://mto.treasury.michigan.gov) or call 517-636-6925. Persons currently holding a sales tax license must pay the tax with their current sales tax return and not with this form. Write the sales tax license number in the space provided in Part 1 of this form. If a person does not have a sales tax license, use this form to report and pay the sales tax due from an event.

A person/organization holding an event at which food, drink, or other property is sold must submit this return, even if no sales tax is due. If no tax is due, complete only Part 1 and include an explanation of why no tax is due. This return and payment are due 30 days after the fundraising event. Make checks payable to "State of Michigan."

Mail the return and payment to:

Michigan Department of Treasury  
Discovery & Tax Enforcement Division  
PO Box 30140  
Lansing MI 48909

Direct questions to the Discovery & Tax Enforcement Division, 517-636-4120.

<b>PART 1: ORGANIZATION INFORMATION</b>			
Organization Name		Telephone Number	Nonprofit, IRS Organization Code
Street Address		City	State
			ZIP Code
Temporary Liquor License Number	Federal Employer ID Number (If applicable)	Sales Tax License Number (If applicable)	
Event Description		Event Location (City)	Event Date
<b>PART 2: SALES TAX CALCULATION</b>			
1. Gross Sales. Enter your total gross sales from this event.....		1.	
2. Enter your total sales of exempt items (prepackaged foods, cans of soda, bottled water, etc.) .....		2.	
3. Subtract line 2 from line 1 .....		3.	
4. If tax is included in gross sales from line 1, divide line 3 by 17.6667.....		4.	
5. Taxable Sales. Subtract line 4 from line 3.....		5.	
6. <b>Sales Tax Due.</b> Multiply line 5 by 6% (0.06) Pay this amount .....		6.	
<b>PART 3: CERTIFICATION</b>			
Authorized Signature		Date	
Authorized Signer's Name		Title	

See page 2 of this form for instructions.

<b>SALES TAX GENERAL GUIDELINES FOR SPECIAL EVENTS, MAJOR CATEGORIES</b>		
<b>PREPARED FOOD</b>	<b>ALCOHOLIC BEVERAGES</b>	<b>CONCESSIONS</b>
<ul style="list-style-type: none"> <li>If purchased from a caterer or other preparer and sales tax is paid on that purchase, there is no further tax obligation on the food.</li> <li>If purchased from a caterer or other preparer under a resale exemption,* the organization must pay the sales tax for its sale of food. If sold separately, tax is based on the selling price. If included in the donation/ admission fee, tax is based on the fair market value (FMV) of the food sold.</li> <li>If prepared by members of the organization or donated, the organization must pay sales tax based on the FMV of the food sold.</li> <li><b>FMV is</b> the price of admission or a donation paid to attend the event, or, if that amount exceeds the FMV, the cost to purchase and prepare the food.**</li> </ul>	<ul style="list-style-type: none"> <li>If sales tax is paid to a supplier and there is no separate or additional charge to attendees for alcohol at the event (such as an “open bar”), then no tax is due on the alcohol provided at the event.</li> <li>If there is a “cash bar” or any separate or additional charge for alcohol, sales tax is due on the selling price. If sales tax was paid to the supplier, the nonprofit may request a refund from that supplier under a resale exemption or from Treasury using Form 5633. A credit cannot be taken on a sales tax return (if the nonprofit is registered) for the tax paid to the supplier.</li> <li>If sales tax was not paid for the organization’s purchase of alcohol and the alcohol is included in the donation/admission fee, use tax is due on the organization’s purchase price. If the alcohol was donated, use its FMV.</li> </ul>	<ul style="list-style-type: none"> <li>Food sold at concessions at special events and entertainment facilities (including, but not limited to, theaters, fairs, recreation centers, athletic events, parks and zoos) that is “prepared food”*** is taxable. This includes, for example, popcorn or nuts sold hot, sandwiches made by the seller, soda pop in a cup, a dish of ice cream with a spoon provided by the seller, a slice of pizza sold hot, or a hot dog heated by the seller.</li> <li>Food sold at such concessions that is not “prepared food” is not taxable. This includes, for example, fresh fruit, prepackaged items (e.g., candy bars, chips, nuts, or cans or bottles of soda pop) not heated by the seller and sold without eating utensils provided by the seller, and cookies, doughnuts or muffins sold without eating utensils.****</li> </ul>
<p>* The organization needs to furnish to the caterer or other supplier an exemption claim and a sales tax license number, if the organization has one, to qualify for a resale exemption.</p> <p>** The Michigan Department of Treasury may use any other reasonable method to determine the appropriate fair market value of the prepared food.</p> <p>*** “Prepared food” is defined in MCL 205.54g and further explained in Revenue Administrative Bulletin 2024-13: Sales and Use Tax - Food for Human Consumption.</p> <p>**** If eating utensils are “provided by the seller,” the item is taxable. Eating utensils include knives, forks, spoons, glasses, cups, napkins, straws, or plates. They do not include a container or packaging used to transport food.</p> <p>More information can be found at <a href="http://www.michigan.gov/taxes">www.michigan.gov/taxes</a>.</p>		

## Special Rules for Nonprofit Organizations

2018 P.A. 249 exempts the first \$10,000 of sales at retail made by an organization exempt from federal income tax under IRC 501(c)(3) or (4) or that has an exemption letter ruling from the Michigan Department of Treasury issued prior to 1998, if the organization has aggregate annual sales less than \$25,000.

Sales at retail at a fundraising event for the benefit of an active duty service member or veteran, made by a veterans’ organization exempt from federal income tax under IRC 501(c)(19), are exempt from sales tax. This exemption is limited to \$25,000 per event.

**CAUTION:** Any sales tax collected by a nonprofit organization must be remitted to Treasury (or returned to the customer) even if collected for exempt sales and the entity has aggregate retail sales for the calendar year fit the above criteria.

## Auctioned Items

A sale at auction by a nonprofit is subject to sales tax based on the sales price of the property. However, a nonprofit organization exempt from federal income tax under IRC 501(c)(3) or (4) that paid sales tax on an item auctioned at a price in excess of its fair market value may seek a refund or claim a credit (reduce the tax for that item) equal to 6% of that portion of the sales price that exceeded the item’s fair market value. If the nonprofit collected sales tax from the purchaser, it must demonstrate to Treasury that it refunded the sales tax to the purchaser prior to claiming a refund or credit for the tax. The nonprofit organization must also obtain and retain in its records a certification of the fair market value of the auctioned item, supplied by the donor.