

## SALES TAX EXEMPTION

### RULES CLARIFIED

Scouting units in Pennsylvania will benefit from a recent private letter ruling issued by the Pennsylvania Department of Revenue. The letter ruling simplifies the procedure for making tax exempt purchases of goods and services. In the past, the BSA and its units, as charitable organizations, have been exempt from the sales tax for goods and services purchased in support of Scouting activities. For example, camping supplies for a Scout sponsored activity, or materials to construct a rain gutter regatta course, would be free from sales tax. However, taking advantage of the exemption has been difficult for units because, until now, the Department of Revenue has required each local unit to have an approved "exemption number". This approach has now been revised and, under the department's recent ruling, local BSA units may now use the local Council's exemption number when making tax exempt purchases.

Under the new procedure, any unit wishing to purchase qualifying goods and services must provide the vendor with a copy of the council's sales tax exemption certificate. A copy of this certificate, including the exemption number of the local council, is included in this issue and may be photocopied for multiple uses. If lost, a copy can be obtained at the Council Service Center. When filling out the certificate, the purchaser must fill in the store's name and address in the "name of seller or lessor" section. **The "name of the purchaser or lessee" section should include the identity of the unit making the purchase (for example, "Cub Scout Pack 77, Bear Den 2"), and be signed by the registered leader of the unit making the purchase.** The purchaser (who need not necessarily be the registered leader) must present the certificate to the vendor at the cash register, and no sales tax will be charged. The vendor will keep the form for its records. If the purchase is for more than \$200, the purchaser must also complete form REV-1715, Exempt Organization Declaration of Sales Tax Exemption, which can also be obtained at the Council Service Center.

**Unit leaders should be aware that the Department of Revenue will hold individual troops and their registered leaders, rather than the Council, responsible for any irregularities in particular purchases.** Additionally, units should be cautious when purchasing materials or supplies used to improve real estate. While materials and supplies used to perform routine maintenance and repairs on real estate are tax exempt, materials and services related to long-term improvement projects which add value to the real estate, such as remodeling or reconstruction, are subject to tax.

A copy of the department's charitable exemption regulation may be obtained by calling 787-6229 or 787-1004. Questions may also be referred to the Council Service Center for guidance.

# GENERAL INSTRUCTIONS

Those purchasers set forth below may use this form in connection with the claim for exemption for the following taxes:

- a. State and Local Sales and Use Tax;
- b. PTA rental fee or tax on leases of motor vehicles;
- c. Hotel Occupancy Tax if referenced with the symbol (●);
- d. PTA fee on the purchase of tires if referenced with the symbol (+);
- e. Vehicle Rental Tax (VRT)

## EXEMPTION REASONS

1.) Property and/or services will be used directly and predominately by purchaser in performing purchaser's operation of:

- A. Manufacturing      B. Mining      C. Dairying      D. Processing      E. Farming      F. Shipbuilding

This exemption is not valid for property or services which are used in: (a) constructing, repairing, or remodeling of real property, other than real property which is used directly in exempt operations; or (b) maintenance, managerial, administrative, supervisory, sales, delivery, warehousing or other nonoperational activities. Effective October 1, 1991, this exemption does not apply to certain services and PTA tire fee.

2.) Purchaser is a/an:

- + A. Instrumentality of the Commonwealth.
- + B. Political subdivision of the Commonwealth.
- + ● C. Municipal Authority created under the "Municipality Authorities Acts".
- + ● D. Electric Cooperative Corporations created under the "Electric Cooperative Law of 1990".
  - E. Cooperative Agricultural Associations required to pay Corporate Net Income Tax under the Cooperative Agricultural Association Corporate Net Income Tax Act (exemption not valid for registered vehicles).
- + ● F. Credit Unions organized under "Federal Credit Union Act" or Commonwealth "Credit Union Act".
- + ● G. United States Government, its agencies and instrumentalities.
  - H. Federal employee on official business (Exemption limited to Hotel Occupancy Tax only. A copy of orders or statement from supervisor must be attached to this certificate.)
  - I. School Bus Operator (This Exemption Certificate is limited to the purchase of parts, repairs or maintenance services upon vehicles licensed as school buses by the PA Department of Transportation. For purchase of school buses, see NOTE below.)

3.) Property and/or services will be resold or rented in the ordinary course of purchaser's business. If purchaser does not have a PA Sales Tax License Number, complete Number 7 explaining why such number is not required. This Exemption is valid for property or services to be resold: (1) in original form; or (2) as an ingredient or component of other property.

4.) Renewable Entities beginning with the two numbers 75:

- A. Religious Organization
- B. Volunteer Firemen's Organization
- C. Nonprofit Educational Institution
- D. Charitable Organization

Permanent Exemptions beginning with the two numbers 76:

- E. School District

Special Exemptions:

- F. Direct Pay Permit Holder
- + ● G. Individual Holding Diplomatic ID
- H. Keystone Opportunity Zone
- I. Tourist Promotion Agency

Exemption limited to purchase of tangible personal property or services for use and not for sale. The exemption shall not be used by a contractor performing services to real property. An exempt organization or institution shall have an exemption number assigned by the PA Department of Revenue and diplomats shall have an identification card assigned by the Federal Government. The exemption for categories "A, B, C and D" are not valid for property used for the following: (1) construction, improvement, repair or maintenance of any real property, except supplies and materials used for routine repair or maintenance of the real property; (2) any unrelated activities or operation of a public trade or business; or (3) equipment used to maintain real property.

5.) Property or services will be used directly and predominately by purchaser in the production, delivery, or rendition of public utility services as defined by the PA Utility Code.

This Exemption is not valid for property or services used for the following: (1) construction, improvement, repair or maintenance of real property, other than real property which is used directly in rendering the public utility services; or (2) managerial, administrative, supervisor, sales or other nonoperational activities; or (3) tools and equipment used but not installed in maintenance of facilities or direct use equipment. Tools and equipment used to repair "direct use" property are exempt from tax.

6.) Vendor/Seller purchasing wrapping supplies and nonreturnable containers used to wrap property which is sold to others.

7.) Other (Attach a separate sheet of paper if more space is required.)

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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF REVENUE  
BUREAU OF BUSINESS TRUST FUND TAXES  
PO BOX 280901  
HARRISBURG, PA 17128-0901

## PENNSYLVANIA EXEMPTION CERTIFICATE

**CHECK ONE:**

- STATE OR LOCAL SALES AND USE TAX
- STATE OR LOCAL HOTEL OCCUPANCY TAX
- PUBLIC TRANSPORTATION ASSISTANCE TAXES AND FEES (PTA)
- VEHICLE RENTAL TAX (VRT)

(Please Print or Type)

This form cannot be used to obtain a Sales Tax License Number, PTA License Number or Exempt Status.

**Read Instructions  
On Reverse Carefully**

**THIS FORM MAY BE PHOTOCOPIED - VOID UNLESS COMPLETE INFORMATION IS SUPPLIED**

- CHECK ONE:**     PENNSYLVANIA TAX UNIT EXEMPTION CERTIFICATE (USE FOR ONE TRANSACTION)  
 PENNSYLVANIA TAX BLANKET EXEMPTION CERTIFICATE (USE FOR MULTIPLE TRANSACTIONS)

Name of Seller, Vendor, or Lessor

Street	City	State	ZIP Code
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**NOTE:** Do not use this form for claiming an exemption on the registration of a vehicle. To claim an exemption from tax for a motor vehicle, trailer, semi-trailer or tractor with the PA Department of Transportation, Bureau of Motor Vehicles, use one of the following forms:

- FORM MV-1 Application for Certificate of Title (first time registrations)
- FORM MV-4ST Vehicle Sales and Use Tax Return/Application for Registration (other registrations)

Property and services purchased or leased using this certificate are exempt from tax because: (Select the appropriate paragraph from the back of this form, check the corresponding block below and insert information requested.)

- 1. Property or services will be used directly and predominately by purchaser in performing purchaser's operation of: \_\_\_\_\_
- 2. Purchaser is a/an: \_\_\_\_\_
- 3. Property will be resold under License Number \_\_\_\_\_. (If purchaser does not have a PA Sales Tax License Number, include a statement under Number 7 explaining why a number is not required.)
- 4. Purchaser is a/an: Charitable Institution holding Exemption Number 75-00519-5
- 5. Property or services will be used directly and predominately by purchaser performing a public utility service.  
 PA Public Utility Commission PUC Number \_\_\_\_\_ and/or  US Department of Transportation MC/MX \_\_\_\_\_
- 6. Exempt wrapping supplies, License Number \_\_\_\_\_. (If purchaser does not have a PA Sales Tax License Number, include a statement under Number 7 explaining why a number is not required.)
- 7. Other \_\_\_\_\_  
 (Explain in detail. Additional space on reverse side.)

I am authorized to execute this Certificate and claim this exemption. Misuse of this Certificate by seller, lessor, buyer, lessee, or their representative is punishable by fine and imprisonment.

Name of Purchaser or Lessee	Signature	EIN	Date
Street	City	State	ZIP Code

**1. ACCEPTANCE AND VALIDITY:**

For this certificate to be valid, the seller/lessor shall exercise good faith in accepting this certificate, which includes: (1) the certificate shall be completed properly; (2) the certificate shall be in the seller/lessor's possession within 60 days from the date of sale/lease; (3) the certificate does not contain information which is knowingly false; and (4) the property or service is consistent with the exemption to which the customer is entitled. For more information, refer to Exemption Certificates, Title 61 PA Code §32.2. An invalid certificate may subject the seller/lessor to the tax.

**2. REPRODUCTION OF FORM:**

This form may be reproduced but shall contain the same information as appears on this form.

**3. RETENTION:**

The seller or lessor must retain this certificate for at least four years from the date of the exempt sale to which the certificate applies.

**DO NOT RETURN THIS FORM TO THE PA DEPARTMENT OF REVENUE.**

**4. EXEMPT ORGANIZATIONS:**

This form may be used in conjunction with form REV-1715, Exempt Organization Declaration of Sales Tax Exemption, when a purchase of \$200 or more is made by an organization which is registered with the PA Department of Revenue as an exempt organization. These organizations are assigned an exemption number, beginning with the two digits 75 (example: 75-00000-0).

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF REVENUE  
BUREAU OF BUSINESS TRUST FUND TAXES  
DEPT. 280909  
HARRISBURG, PA 17128-0909



**EXEMPT ORGANIZATION  
DECLARATION OF  
SALES TAX EXEMPTION**

THIS FORM MAY BE PHOTOCOPIED

**INSTRUCTIONS:**

Vendors may use this declaration to document purchases of tax free items by tax exempt organizations (charitable, religious and educational organizations and volunteer fire or ambulance companies) holding a valid exemption number issued by the Department of Revenue where the purchase is \$200 or more. The vendor may require the Customer's Declaration (below) for each such transaction to demonstrate that the vendor made the tax exempt sale "in good faith."

Complete each declaration in its entirety. Use a separate declaration for each transaction of \$200 or more. Accompany the declaration with an invoice and a properly completed Exemption Certificate (REV-1220), and maintain these documents for three years.

**CUSTOMER'S DECLARATION**

As an authorized representative of a tax-exempt organization, I declare that the property and/or services purchased or leased in the name of the exempt organization set forth below, as described on the attached invoice, are being purchased for an exempt use under Pennsylvania Sales Tax law.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Print Name/Title

Boy Scouts of America

New Birth of Freedom Council

\_\_\_\_\_  
Name of Exempt Organization

\_\_\_\_\_  
( )

\_\_\_\_\_  
Phone No.

75-00519-5

\_\_\_\_\_  
Sales Tax Exemption No.  
(Must have a 75-prefix)

**VENDOR'S DECLARATION**

I understand that this completed declaration must be kept in my records for three years from the purchase date. I understand that failure to provide the declaration to Revenue auditors could result in my liability for Sales Tax if the transaction is subsequently determined to be taxable.

Attached is Invoice No. \_\_\_\_\_ dated \_\_\_\_\_  
covering this exempt transaction.

\_\_\_\_\_  
Vendor's Signature