**AGENDA**

**Stakeholder Workgroup on Charitable Organizations**

November 16, 2020 at 2:00 P.M.

Phone Number: 1 (669) 900-6833

Meeting ID: 823-8128-1709

The Colorado Department of Revenue, Division of Taxation, is convening a stakeholder workgroup to discuss several draft sales tax rules regarding charitable organizations.

In addition to other matters the Department may open for discussion, the following items are scheduled for consideration:

* Welcome and Introductions
* Background on the Development of the Rules
* Topics for Discussion. The Department intends to seek input on specific topics, including those listed below, but encourages stakeholders to suggest additional topics for discussion. The Department will solicit comments from workgroup members on each individual rule.
* **Special Rule for Charitable Organizations Making Retail Sales**
	+ Reflecting on the comments received, the Department is considering a special rule to discuss the general requirements applicable to charitable organizations making retail sales. Specifically, the rule would cover the requirements of sections 39-26-103 through 39-26-106, C.R.S., as applied to charitable organizations. The Department believes such rules would be particularly beneficial for those charities making sales in cities or counties that have not adopted the section 39-26-718(1)(b) exemption for low-volume sales pursuant to the option available in section 29-2-105(1)(d)(I)(E), C.R.S.
	+ Other Workgroup Input
* [**Draft Rule 39-26-102(7)–2.**](https://tax.colorado.gov/sites/tax/files/Rule%2039-26-102%287%29-2%20-%20DRAFT.doc) **Purchase Price Involving a Donation to a Charitable Organization.**
	+ Stakeholders have suggested the following revisions to the draft rule:
		- Revise the responsibilities charitable organizations bear for estimating the fair market value of goods or services they sell;
		- Discuss the proper sales tax calculation for goods and services sold by a charitable organization at less than fair market value; and
		- Revise the recordkeeping requirements established by sections 39-21-113 and 39-26-116, C.R.S., and this rule for charitable organizations making retail sales.
	+ Other Workgroup Input
* [**Draft Rule 39-26-718.**](https://tax.colorado.gov/sites/tax/files/Rule%2039-26-718%20-%20DRAFT.doc) **Charitable Organizations.**
	+ Stakeholders have suggested the following revisions to the draft rule:
		- Discuss the appeal process in the event that the Department denies an application for a charitable organization exemption certificate;
		- Revise the criteria for determining whether a purchase made by a charitable organization falls within the organization’s “regular charitable functions and activities” and is therefore exempt from sales tax;
		- Allow purchases made by volunteers and employees and reimbursed by charitable organizations to qualify for exemption; and
		- For the purpose of determining eligibility for the exemption for sales made by charitable organizations pursuant to section 39-26-718(1)(b), C.R.S.:
			* Revise the expenses that may be deducted in calculating net proceeds;
			* Review the responsibilities charitable organizations bear for estimating the fair market value of goods or services they sell; and
			* Review the recordkeeping requirements for charitable organizations making sales
	+ Other Workgroup Input
* Other comments or issues for consideration, including comments from participants who are not workgroup members.
* Adjourn

We would appreciate your feedback to help us measure and improve the success of the rulemaking program.  If you participate in the rulemaking process, we invite you to complete a [short survey](https://docs.google.com/forms/d/e/1FAIpQLSfwH2HFlbE7ND9LxLurvIbp7X8dnoG65W8VDZ8TPrBRZ9EBKw/viewform).  Follow the link, and choose the "I participated in the Rulemaking Process (Announcement, Stakeholder Meeting, or Hearing)" option.