



COLORADO
Department of Revenue
Taxation Division

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PLR 20-002

February 10, 2020

XXXXXXXXXXXX
Attn: XXXXXXXX
XXXXXXXXXXXX
XXXXXXXXXXXX

Re: Charitable Activities

Dear XXXXXXXXXXXX,

You submitted a request for a private letter ruling on behalf of XXXXXXXX (“Organization”) to the Colorado Department of Revenue (“Department”) pursuant to 1 CCR 201-1, Reg. 24-35-103.5. This letter is the Department’s private letter ruling. This ruling is binding on the Department to the extent set forth in 1 CCR 201-1, Reg. 24-35-103.5. It cannot be relied upon by any taxpayer other than the taxpayer to whom the ruling is made.

Issue

Is Organization’s purchase of food for attendees at educational conferences it organizes and hosts made in the conduct of its regular charitable functions and activities and therefore exempt from sales and use taxes?

Conclusion

Organization’s purchase of food for attendees at educational conferences it organizes and hosts is made in the conduct of its regular charitable functions and activities and therefore exempt from sales and use taxes.

Background

Organization is a charitable and educational organization under section 501(c)(3) of the Internal Revenue Code. Organization’s mission is, in part, to provide knowledge and diverse learning resources with the goal of improving patient care. To achieve its mission, Organization publishes medical journals and conducts educational conferences for participants engaged in specialized areas of healthcare.

Organization’s educational conferences are designed for medical students and practicing professionals to further their education in an area of specialization and qualify for medical education credits. Organization charges participants a flat fee to attend its educational conferences. Included in the conference fee is a meal that is provided to participants. Organization currently pays applicable state and state-administered sales taxes on the purchase of food for conference participants.

Discussion

Colorado allows a sales tax exemption for “all sales made to charitable organizations, in the conduct of their regular charitable functions and activities.”¹ Charitable organizations in Colorado include any entity that is “organized and operated exclusively for...educational purposes.”² Educational purposes include

¹ § 39-26-718(1), C.R.S. See also § 39-26-713(2)(d), C.R.S.

² § 39-26-102(2.5), C.R.S.

instruction or training of individuals for the purpose of improving or developing his or her capabilities.³ Organization's conferences serve an educational purpose and are therefore part of Organization's regular charitable functions and activities. Consequently, purchases made by Organization for its educational conferences are generally made in the conduct of its regular charitable functions and activities.

However, regulation limits the exemption, providing that "[w]henver a charitable organization purchases tangible personal property (such as...food....) that is to be transferred to anyone else for personal use and all or part of the price of the goods is recouped from the user through direct payment...the organization's exempt status does not apply and sales tax must be paid to the vendor by the exempt organization."⁴

Although Organization recoups the price of food through the fee paid by conference attendees, the food is not transferred to attendees for their "personal use" within the meaning of the regulation. "Personal use" as it is used in the regulation refers to any use by the transferee that is not exclusively in furtherance of the regular charitable functions and activities of the exempt organization. Here, attendees receipt and consumption of food is specifically part of the educational conferences hosted by Organization because the attendees consume the food exclusively during the conferences, which are part of the Organization's regular charitable functions and activities.

This ruling addresses only the narrow issue of whether Organization's purchase of food for attendees at conferences it organizes and hosts is made in the conduct of its regular charitable functions and activities. Organization has not requested a ruling, and the Department expresses no opinion, about whether Organization qualifies as a charitable organization eligible for the sales tax exemption.

Miscellaneous

This ruling is premised on the assumption that Company has completely and accurately disclosed all material facts and that all representations are true and complete. The Department reserves the right, among others, to independently evaluate Organization's representations and assumptions. The ruling is null and void if any such assumption and representation is incorrect and has a material bearing on the conclusions reached in this ruling and is subject to modification or revocation in accordance to 1 CCR 201-1, Reg. 24-35-103.5.

This ruling is binding on the Department to the extent set forth in 1 CCR 201-1, Reg. 24-35-103.5. It cannot be relied upon by any taxpayer other than the taxpayer to whom the ruling is made.

Sincerely,

Office of Tax Policy & Analysis
Colorado Department of Revenue

This ruling cannot be relied upon by any other taxpayer other than the taxpayer to whom the ruling is made.

³ 1 CCR 201-4, Reg. 39-26-718(2)(d)(i).

⁴ 1 CCR 201-4, Reg. 39-26-718(5)(a).