

Tax Information for Student Organization/Groups at CMU

Income Tax:

Many student organizations believe that because they are essentially non-profit and are comprised primarily of students, that they are automatically tax-exempt. Registering your organization with the Office of Student Life does not cover you under Central Michigan University's tax-exempt number. Your organization is not "Tax-Exempt" unless you have applied for-and been granted that status from the Internal Revenue Service (IRS). If you think your organization may qualify for exemption from income taxes, contact the IRS at (800) 829-3676 and ask for Publication 557, "Tax-Exempt Status For Your Organization". This manual will tell you how to qualify for an exempt status. For additional assistance you may call *IRS Tax Exempt and Government Entities Customer Account Services* (toll free) at (877) 829-5500 between 8:00 a.m. and 6:30 p.m.

Your student organization must have its own taxpayer identification number (Employer identification Number (EIN)) in order to apply for tax exemption. **An EIN is also required in order for a student organization to receive payment for providing services on campus (e.g. working at football games).** You have the following options for applying for an EIN:

- * To get an EIN over the IRS toll-free telephone number, call (800) 829-4933, Monday through Friday from 7:30 a.m. – 5:30 p.m. (EIN is provided at time of phone call)
- * To request an EIN via fax, 24 hours a day / 7 days a week, complete Form SS-4 and fax to (859) 669-5760.
- * To receive an EIN through the mail, complete Form SS-4, and mail to Internal Revenue Service, ATTN: EIN Operation, Cincinnati, OH 45999.

Form SS-4 "Application For Employer I.D. Number" and instructions are available on the IRS web site at <http://www.irs.gov>.

Organizations with national affiliation may check with the national organization to see if they fall under the national tax-exempt number.

Sales Tax:

The RSO shall not use the University's taxpayer identification number or the University's tax-exempt status in connection with purchases or sales by the RSO, gifts to the RSO, interest on other income of the RSO, or any other activity of the RSO.

The student organization is liable for collection and remittance of taxes on SALES and RENTALS involving non-exempt transactions. Organizations exempt from payment of taxes on purchases are not exempt from payment of taxes on revenue from sales and rentals. Generally, the sales tax applies to sales of personal property to consumers in the State of Michigan (i.e., candy, doughnuts, T-Shirts, hats, etc.).

It is not the organization, but the consumer who pays the tax on sales, and your organization should only be collecting the 6% sales tax on each item sold. At the time the sales tax is filed your group is passing on the tax collected from the consumer, to the State of Michigan. If your group paid Michigan Sales Tax on the items you purchased for resale, then your tax liability is the difference between the purchase price and the sales price. In other words, you are taxed on the "profit" of items purchased and/or sold in Michigan.

Sales Tax Exemption:

To determine if your organization qualifies for exemption from Michigan Sales Tax on purchases, contact the State of Michigan Department of Treasury in Lansing at (517) 373-3190. You will receive a criteria sheet and a sales tax exemption application. If your organization is not tax- exempt, the University will charge appropriate Sales and Use Tax on purchases and rentals made through the University.

Tax Advice:

Any comment on tax matters contained in this website are provided merely as a courtesy for the general information purposes of student organizations and are not to be considered personal tax advice given by the University or its employees. *All student organizations should rely upon tax advice provided by their own independent tax advisors.*