

August 8, 2006

Sales and Use Tax - Nonprofit Certified Community-Based Developmental Disabilities Service Provider. EFFECTIVE JULY 1, 2006, PURCHASES BY ANY NONPROFIT ORGANIZATION CERTIFIED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO PROVIDE COMMUNITY-BASED SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES ARE EXEMPT FROM SALES AND USE TAX.

Laws 2006, LB 1189, provides an exemption from sales and use tax for purchases made on and after July 1, 2006, by a nonprofit certified community-based developmental disabilities service provider (DD Provider). Purchases will be exempt after the DD Provider has applied for and received a Nebraska Exempt Organization Certificate of Exemption from the Nebraska Department of Revenue. The Nebraska Exemption Application for Sales and Use Tax, Form 4, must be completed by the DD Provider to apply for the certificate of exemption. A copy of the Health and Human Services Certification must be included with the application. Upon approval of this application, the organization will be assigned an exemption number which must be used in claiming this exemption. An approved DD Provider must issue a Nebraska Resale or Exempt Sale Certificate, Form 13, to its vendors in order to make tax-free purchases. Section B of the Form 13 must indicate exemption category #3, and it must contain the exemption number issued by this department.

The issuance of a Nebraska Exempt Organization Certificate of Exemption to a DD Provider allows tax-free purchases of property or services that are to be used by and for the purposes of the organization. The exemption only applies to the activities covered by the Health and Human Services Certification. The exempt status cannot be extended to any person, business, foundation, or affiliated or subsidiary organizations, even though they may be operating in support of or under the guidance of the DD Provider.

DD Providers are still required to collect sales tax on their sales of property or services that are subject to tax.

The provisions of Sales and Use Tax Regulation 1-090, Nonprofit Organizations, and Regulation 1-012, Exemptions, are superseded to the extent that they do not include DD Providers.

APPROVED:



Mary J. Egr Edson
State Tax Commissioner

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