Texas Application for Exemption – Charitable Organizations

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Nonprofit charitable organizations should use this application to request exemption from Texas sales tax, hotel occupancy tax and franchise tax, if applicable. To receive a state tax exemption as a charitable organization, a nonprofit charitable organization must devote all or substantially all of its activities to the alleviation of poverty, disease, pain and suffering by providing food, drugs (medicine), medical treatment, shelter, clothing or psychological counseling directly to indigent or similarly deserving individuals for little or no fee. The organization's funds must be derived primarily from sources other than fees or charges for its services. Exemption from federal tax as a 501(c) organization is not required to qualify for exemption from state tax as a charitable organization.

The exemption for charitable organizations is provided for in Sections 151.310, 156.102 and 171.062 of the Texas Tax Code, and more detailed information can be found in Comptroller's Rules 3.322, 3.161, 3.541 and 3.583.

Some organizations will not qualify for an exemption as a charitable organization as that term is defined in Texas' law and rules, even though their activities may be charitable in nature. Such an organization might still qualify for exemption from Texas sales tax and franchise tax, if applicable, based on their exemption under certain sections of the Internal Revenue Code (IRC).

Texas tax law provides an exemption from sales taxes on goods and services purchased for use by organizations exempt under Section 501(c)(3), (4), (8), (10) or (19). However, exempt organizations are required to collect tax on most of their sales of taxable items. See *Exempt Organizations - Sales and Purchases*, Publication 96-122.

Texas law also provides an exemption from franchise taxes for corporations exempted from the federal income tax under IRC Section 501(c)(2), (3), (4), (5), (6), (7), (8), (10), (16), (19) or (25).

If your organization has been granted federal tax exemption under one of the qualifying sections listed above, your organization will be granted an exemption from Texas sales tax, or sales and franchise tax, on the basis of the Internal Revenue Service (IRS) exemption, as required by state law. Organizations that qualify for exemption based on the federal exemption are not exempt from hotel occupancy tax because the hotel occupancy tax law does not recognize any federal exemptions.

The laws, rules and other information about exemptions are online at **www.Comptroller.Texas.Gov/taxes/exempt/**.

You can submit your completed application along with required documentation by mail, fax, or email

Mail: Texas Comptroller of Public Accounts
Exempt Organizations Section
P.O. Box 13528
Austin, Texas 78711

FAX: (512) 475-5862
Email: exempt.orgs@cpa.texas.gov

We process applications in the order they are received. To establish claimed exemptions, we may require additional information. After review of the material, we will inform the organization in writing if it qualifies for exemption. The Comptroller, or an authorized representative of the Comptroller, may audit the records of an exempt organization at any time during regular business hours to verify the validity of the organization's exempt status.

If you have questions or need more information, contact us at 800-252-5555.

You have certain rights *under Chapters 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at the address or phone number listed on this form.*

AP-205-2
(Rev.12-18/10)

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SECTION A

1. ORGANIZATION NAME
(Legal name as provided in the formation document, or if unincorporated, the governing document)

Lubbock Compact Foundation

2. ORGANIZATION MAILING ADDRESS
Street number, P.O. Box or rural route and box number

(b) (6)

City	State/Province	ZIP Code	County *(or country, if outside the U.S)*
Lubbock	TX	79424	Lubbock

3. Texas taxpayer number (if applicable) .....

4. a) Enter filing information issued by the Texas Secretary of State *File Number* _____ *File Date* Month Day Year

OR

b) ☐ Check this box if this organization is not registered with the Texas Secretary of State.

5. Federal Employer Identification Number (EIN)
(Required if applying for exemption on the basis of a federal exemption) .....

6. Earliest date organization provided services ..... Month Day Year

7. Contact information of the person submitting this application

Name	Email Address
Jakob Reynolds	jakobmreynolds@gmail.com

Firm or Company Name	Daytime Phone *(Area code and number)*	Extension
	806-928-1668	

Address	City	State	ZIP Code
(b) (6)	Lubbock	Texas	79413

We will notify you by email when the exemption has been added to let you know where the exemption can be verified online. If an email address is not provided, indicate where our response should be mailed: ☐ organization's mailing address or ☐ mailing address of the submitter.

SECTION B

Please review the information below. If your organization is applying for exemption on the basis of an IRS exemption, complete Item 8. If your organization is applying for exemption as a charitable organization under Texas law and rules, complete Item 9.

☑ **Item 8.** Check here to apply for an exemption on the basis of a federal exemption.

Return the completed application with a copy of the entire IRS determination letter and any addenda. The organization name on the IRS determination letter must match the organization's legal name as listed in the Articles of Incorporation or governing document. If the IRS determination letter was issued more than four years prior to the current date, include a copy of a current IRS verification letter. To obtain a current letter, contact the IRS at 1-877-829-5500.

☐ **Item 9.** Check here to apply for exemption as a charitable organization.

The following documents must be included with your application. Information may be in the form of a bulletin, brochure, written statement or Web site:

- A copy of your organization's actual or proposed two-year budget; a detailed description of all of the organization's activities; any amount of charges for services, how the charges are determined; and the criteria the recipients must meet to receive the services. Include a written statement or brochures, pamphlets or Web site addresses that describe the activities of the organization.
- A copy of any application used to determine eligibility for the organization's services.
- A copy of the IRS determination letter, if your organization is exempt under a qualifying section of the IRC or if the organization is affiliated with a parent entity that has a federal group exemption under one of the qualifying IRC sections. Attach a letter of verification from the parent entity that confirms the organization is a recognized subordinate under its federal group exemption. If the parent organization has not yet obtained exemption from Texas franchise tax and/or sales tax, provide a copy of the parent organization's entire IRS group exemption ruling letter along with the letter of affiliation.
  - **Special note to unincorporated entities:** Include your organization's governing documents, such as bylaws or constitution.
  - **Special note to non-Texas corporations:** Include a file-stamped copy of your organization's formation documents AND a current Certificate of Existence from the Secretary of State or equivalent officer in your home state.