

Nonprofit Organizations California Sales Tax on Auction Items

Sales tax is required to be added to the final auction bid price paid. Signage or other indication should disclose that sales tax will be added. The current San Diego district sales tax rate is 7.75% (e.g. \$100.00 bid would pay \$107.75, $\$100.0 \times 7.75\%$).

The sales tax collected would be remitted by the auctioneer (nonprofit) to the appropriate authority (CDTFA-California Department of Tax & Fee Administration).

Practically, this is most often handled by the nonprofit calculating and remitting the sales tax without informing the buyer so that the net received by the nonprofit is the total bid less the sales tax. (e.g. \$100.00 bid would net \$92.25, $\$100.00 - 7.75\%$)

Per the CDTFA (California Dept of Tax & Fee Administration)

Nonprofit Organizations

As discussed in Sales and Use Tax Basics for Various Types of Nonprofit Organizations, there is no blanket sales or use tax exemption available for nonprofit organizations or churches, even when the organizations are exempt from income tax. This section discusses the special exemptions that do exist. You may also want to read Charitable Organizations That Relieve Poverty and Distress.

Permit and tax requirements (in general)

Permit requirements:

Unless all of your sales are exempt from tax, nonprofit organizations, that make sales of goods or merchandise must hold a seller's permit and file sales and use tax returns. Please see Registration Requirements, and Collecting and Paying Tax, for more information on seller's permits and tax reporting requirements.

General tax requirements:

Unless your sales qualify as tax-exempt under the meal exemption, your sales of merchandise are generally taxable. This is true whether you buy the merchandise, make it, or receive it as a donation from an individual or a business.

Sales of items other than food:

Nonprofit organizations' sales and purchases of goods and merchandise other than food are generally taxable. If your organization holds or participates in fundraising events where you sell goods and merchandise, such as auctions, festivals, bazaars, firework stands, swap meets, or craft shows, your sales of nonfood items are generally taxable.

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