

Qualifications For and Proper Use Of
Exempt Organization Certification For New York State
Sales and Use Tax Purposes

Section 1116(a)(4) of the New York State Sales and Use Tax Law generally exempts purchases by any corporation, association, trust or community chest, fund or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or for the prevention of cruelty to children or animals.

Section 1116(a)(5) generally exempts purchases by a post or organization of war veterans, or an auxiliary unit or society of, or a trust or foundation for, any such post or organization.

Exempt status is recognized by the issuance of a numbered Exempt Organization Certificate, form ST-119. This form enables the organization to which it was issued to make exempt purchases by issuing Exempt Organization Certifications (form ST-119.1).

Form ST-119.1 may be used only when a certified exempt organization is both the purchaser and payer of record. Divisions, sub-units, chapters, branches or other organizations associated with a certified exempt organization must obtain their own Exempt Organization Certificate in order to make tax free purchases. Misuse of an organization's Exempt Organization Certificate number can result in appropriate penalties being assessed for failure to pay the tax due.

An exempt organization is in danger of having its certificate revoked when it allows the improper use of its number. Furthermore, vendors who accept certifications which are not properly completed can be held liable for the tax due, plus penalties and interest. A properly completed certification must have all the requested information entered and bear the signature of the person authorized by the organization to make its purchases.

Individuals within an organization (for example; members, clergy or faculty) cannot qualify for exempt status under section 1116(a)(4) or section 1116(a)(5), nor may they use the certification number of any exempt organization for personal use.

Governmental entities (the United States of America, New York State and its political subdivisions, agencies, instrumentalities and public corporations) are not required to issue Exempt Organization Certifications in order to make tax free purchases. The use of governmental purchase orders or contracts is sufficient proof of an entity's exempt status.