

LAKE SUPERIOR STATE UNIVERSITY PROCEDURES MANUAL

Administrative Policy

Section: Business & Support Operations

Section Number: 3.7.23

Subject: Tax Information for LSSU Student Organizations/Clubs/Groups

Date of Present Issue:
11/01/2024

Date of Previous Issues:
None

Policy Statement:

A 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 hockey games).

Scope:

This policy applies to all LSSU Student Organizations/Clubs/Groups.

Background:

A common misconception is that student organizations automatically receive tax-exempt status by their affiliation with Lake Superior State University. Registering a student organization with the Department of Campus Life does not cover it under Lake Superior State University's tax-exempt number. A student organization is not "Tax-Exempt" unless it has applied for, and been granted, that status from the Internal Revenue Service (IRS). To determine if an organization may qualify for exemption from income taxes, contact the IRS and ask for Publication 557, "Tax-Exempt Status for Your Organization". This manual will provide information on how to qualify for an exempt status. For additional assistance, call *IRS Tax Exempt and Government Entities Customer Account Services*.

A 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 hockey games).**

Income tax:

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:

Student organizations are not permitted to use the University's taxpayer identification number or the University's tax-exempt status in connection with purchases or sales by the organization, gifts

to the organization, interest on other income of the organization, or any other activity of the organization.

Student organizations are liable for collection and remittance of taxes on SALES and RENTALS involving non-exempt transactions. Organizations that may be 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 a student organization paid Michigan Sales Tax on the items purchased for resale, then its tax liability is the difference between the purchase price and the sales price. In other words, the organization is taxed on the “profit” of items purchased and/or sold in Michigan.

Sales Tax Exemption:

To determine if a student organization qualifies for exemption from Michigan Sales Tax on purchases, contact the State of Michigan Department of Treasury in Lansing at (517) 373-3190. A criteria sheet and a sales tax exemption application will be provided. If an 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 tax information provided is for the general information purposes of student organizations and is 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.*

Responsibilities:

It is the responsibility of the student organization to ensure it meets all federal, state, and local requirements before engaging in any business activity.

Review Cycle:

This policy will be reviewed annually by Business Operations to ensure its effectiveness and relevance to tax laws and other requirements.