
DEPARTMENT OF STATE REVENUE
Revenue Ruling #2008-07 ST
May 23, 2008

NOTICE: Under [IC 4-22-7-7](#), this document is required to be published in the Indiana Register and is effective on May 23, 2008. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE

Sales/Use Tax – Applicability of Sales Tax to Rental of Hotel Rooms and Accommodations by Nonprofit Organizations

A local convention and visitors association requests a ruling as to whether a nonprofit organization is subject to sales tax when the organization and its members rent hotel rooms and accommodations while conducting meetings in the county where the convention and visitors association operates.

STATEMENT OF FACTS

The convention and visitors association operates to promote tourism and convention business. The convention and visitors association attracts many nonprofit organizations to conduct their state or national conventions in their county. The convention and visitors association is requesting clarification on when lodging expenses are in direct support of an organization's exempt purpose.

DISCUSSION

[45 IAC 2.2-5-55\(b\)\(3\)](#) states:

(3) The organization is not operated predominantly for social purposes. The article purchased must be used for the same purpose as that for which the organization is being exempted. **Purchases for the private benefit of any member of the organization or for any other individual, such as meals or lodging, are not eligible for exemption.** Purchases used for social purposes are never exempt. (Emphasis supplied)

Information Bulletin # 10 Sales Tax, June 2008 states on page 4:

The organization rents meeting rooms in a hotel to conduct its educational meetings. The rental of the rooms will be exempt from the sales tax and local innkeepers' tax if applicable.

The Bulletin further states on page 4:

...the organization reserves and pays for, out of its treasury, the cost of four hotel rooms to be used by its officers for lodging. The lodgings provided for the officers by the organization are not exempt from the sales tax or the innkeepers' tax if applicable. The rental of rooms for its officers or members is a private benefit for the individual and is not for the purpose for which the organization exists.

If a member of the organization purchases a meal or lodging, even if the member is to be reimbursed by the organization, the purchase is not exempt, and the member must pay sales tax at the time of purchase.

Purchases used for social purposes are never exempt.

RULING

The Department rules that the rental of hotel rooms by nonprofit organizations for its members or by its members is always a purchase for the private benefit of the member and therefore not exempt from the sales tax or the innkeepers' tax.

There is no statutory provision that provides a sales tax exemption to nonprofit organizations for the rental of hotel rooms used as lodgings.

Members of the organization that are residents of another state are subject to Indiana statutes concerning the sales tax applicability to hotel rooms. If the member's state of residence exempts hotel rooms from the sales tax, the exemption **does not apply** to a transaction that occurs in Indiana.

CAVEAT

This ruling is issued to the taxpayer requesting it on the assumption that the taxpayer's facts and circumstances as stated herein are correct. If the facts and circumstances given are not correct, or if they change, then the taxpayer requesting this ruling may not rely on it. However, other taxpayers with substantially identical factual situations may rely on this ruling for informational purposes in preparing returns and making tax decisions. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material respect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that subsequent to the publication of this ruling a change in statute, regulation, or case law could void the ruling. If this occurs, the ruling will not afford the taxpayer any protection.

Posted: 07/02/2008 by Legislative Services Agency

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