

**INFORMATION BULLETIN – RST 024**

**CHARITABLE AND NON-PROFIT ORGANIZATION FUND  
RAISING ACTIVITIES**

**THE RETAIL SALES TAX ACT**

**Issued: June 2000**

**Revised: July 2024**

This bulletin outlines the retail sales tax (RST) application on goods sold by charitable and non-profit organizations.

**Latest Revision:** The revision bar (!) identifies changes to the July 2019 version of this bulletin. For a summary of the changes, refer to the Revision Summary section.

**SECTION 1 – GENERAL INFORMATION:**

**Charitable and non-profit organizations’ exception from collecting tax:**

Charitable and non-profit organizations, hereafter referred to as charities, are not required to collect RST on the sale of goods or services, unless tobacco or alcoholic beverages are sold, if all these conditions are met:

- The sale is not publicly advertised, for example, in a newspaper or on the radio. For this purpose, a notice in a church bulletin, community club newsletter or through a free public service ad is not considered public advertising;
- The sale is not in competition with sales made by a vendor who holds a valid RST number issued by the Minister, for example, the charity does not operate a retail store;
- The sale is not of a commercial nature, for example, the sales activities of the charity is staffed by volunteers, or the goods being sold have been donated, or purchased for fund raising purposes.

What is a charitable or non-profit organization?

A charitable organization is an organization that is registered as a charity under The Income Tax Act (Canada).

An organization is considered to be “non-profit” if it is organized and operated for a purpose other than making a profit.

Some common examples are: schools, universities, churches and church groups, community clubs, hospitals and other non-profit health facilities, amateur sports clubs, 4-H clubs, Rotary, Girl Guides, Big Brothers, etc.

### **How does the tax apply to fund raising sales?**

Where goods and services are sold by a charity, and the sale meets all the conditions listed above, the charity is not required to register and collect tax on the sale. However, the charity must pay tax on its purchase price of the items sold that are otherwise taxable.

For example: For a school fund raiser, students are selling chocolate bars at \$4 each for which they paid \$2. Therefore, the school pays their supplier the RST ( $\$2 \times 7\% = 14\phi$  / bar) on the bars purchased but does not collect tax on the sales.

Where retail merchants participate in a charity fund raiser by selling goods on behalf of the charity, they will not be required to collect the RST if the entire proceeds of the sale is transferred to the charity and the merchants post a notice that identifies the charity for whom the sale was made. Similar to the above example, the charity must pay the tax on its purchase price of the items sold by the merchants that are otherwise taxable. Where the entire proceeds of the sale will not be transferred to the charity, RST should be collected by the merchants on the selling price and remitted to Manitoba Finance.

Where a charity gives-away taxable goods/services with the expectation of receiving a donation, the donation is not subject to tax, but the charity is required to pay tax on its purchase price of the goods/services given-away, for example, lapel stickers and embroidered roses on tag days, Easter Seals, identification key tags to enable return of lost keys, etc.

Where a charity acts as a sales agent for a vendor and receives a commission or fee for making the sale, the sale is a commercial transaction and subject to tax.

For example: The tax must be collected on magazine subscriptions sold through a charity. Since the charity does not purchase (own) the magazines being sold, it is the agent for the vendor and is not the seller. The charity must ensure the tax is collected on the sales of magazine subscriptions and that the vendor is registered with Manitoba Finance to collect Manitoba tax.

### **Sale of snack foods and prepared food and beverages:**

Sales of food and beverages by schools, community clubs or charities are not taxable if all of the previously mentioned conditions are met. In this case, the school, etc. must pay tax on its purchases of the items being sold and supplies for own use that are otherwise taxable, for example, chocolate bars, drinks, chips, paper cups, napkins.

For example:

- The sale of confectionery or snack food items in a canteen, cafeteria or vending machine operated by schools, community clubs and charities is not taxable, but when these facilities are operated by a commercial entity, the RST must be collected;
- The sale of prepared foods and beverages by a community club or at a church dinner.

Please note: Community clubs and charities must register with the Manitoba Finance and collect tax on these items if they also sell tobacco or liquor products.

Refer to Bulletin No. 029 – Food and Beverages, for other circumstances in which the sale of prepared food and beverages is exempt.

### **Purchases for own use:**

The Act does not provide any specific exemptions for purchases by charitable and non-profit organizations. You are required to pay the RST to your supplier on taxable purchases for fund raising activities, as previously indicated, as well as on items purchased for your own use to operate the organization, for example, furniture, equipment, stationery supplies, brochures, etc.

Where the supplier has not collected Manitoba RST on taxable purchases, you are required to self-assess and remit the tax on the purchase price no later than the 20<sup>th</sup> day of the month following the date of the purchase. If you hold an RST number for RST purposes, you should remit the tax on your next RST return, otherwise simply send a letter with your remittance providing the details of the tax payable to the Manitoba Finance office listed at the end of this bulletin.

Please note: Charities should encourage their out of province suppliers to be registered for the purpose of collecting the Manitoba tax correctly.

### **Goods donated to charities:**

Charities are generally not required to pay sales tax on goods/services donated to them for their own use or for a raffle. However, if the item is subject to tax, the donor must pay the tax on the value of the item. Where goods are donated from out-of-province, charities must ensure the donor has paid the Manitoba tax, otherwise the charities are required to self-assess and pay the RST.

### **Raffle winnings:**

The recipient of taxable goods won in a raffle is usually not required to pay tax on the value of the item. In the case of a motor vehicle, for example, car, snowmobile, ATV, etc., the winner will be required to provide proof at the time of registering the vehicle that tax has already been paid by either the charity or the donor of the item. Otherwise, the recipient will be required to pay the tax before the vehicle can be registered.

### **Private purchase of used goods:**

Charities are not required to pay RST on used goods purchased for their own consumption from an individual in a private transaction, except for vehicles, snowmobiles, or aircraft.

### **Registration requirements:**

Generally, charities do not need to be registered for RST purposes, except when:

- Goods are regularly purchased from out of province suppliers who are not registered to collect tax in Manitoba;
- Activities include sales that are of a commercial nature and subject to tax;
- Tobacco or liquor products are being sold.

Charities that are registered must collect and remit tax on all their sales of prepared foods, snack foods, confectionery, and other taxable goods. In this case, the charities may quote their RST number to the supplier to purchase the goods for resale without paying tax, as well as certain supplies that are used to sell the item, for example, packaging materials, napkins, paper plates, etc.

If you are required to be registered, you can obtain an application at the Manitoba Finance office listed below. When registered, the returns for remitting the tax will be mailed to you.

Please Note: Charities that have sales of a commercial nature but have annual taxable sales under \$30,000 may not be required to register. Refer to Notice – Registration Requirements Eliminated for Small Business for additional information.

### **SECTION 2 – REVISION SUMMARY:**

- Increasing the small business registration exemption to \$30,000.

## **FURTHER INFORMATION:**

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to The Retail Sales Tax Act and Regulation. Further information may be obtained from:

Manitoba Finance  
Taxation Division  
101 - 401 York Avenue  
Winnipeg, Manitoba R3C 0P8  
Telephone: 204-945-5603  
Manitoba Toll-Free: 1-800-782-0318  
Fax: 204-945-0896  
E-mail: [MBTax@gov.mb.ca](mailto:MBTax@gov.mb.ca)  
Web Site: <https://www.manitoba.ca/finance/taxation/>

## **ONLINE SERVICES:**

Our Web site [here](#) provides tax forms and publications about taxes administered by Manitoba Finance, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting Manitoba Finance.

TAXcess, our online service, [taxcess.gov.mb.ca](http://taxcess.gov.mb.ca) provides a simple, secure way to apply for, and to file, pay and view your Manitoba tax accounts.