Colorado Sales Tax Requirements for Rotary Clubs

2026 Colorado Sales Tax Rules

- Colorado Rotary clubs may be required to collect sales tax when selling merchandise, food, beverages, or other taxable items at fundraising events.
- Colorado provides a sales tax exemption for qualifying charitable organizations with less than $45,000 in annual net proceeds from sales.
- A Rotary club organized under IRC Section 501(c)(4) does not automatically qualify for Colorado's charitable sales tax exemption.
- A separate Rotary foundation organized under Section 501(c)(3) will generally be more likely to qualify.

Source: Colorado Department of Revenue, *Sales & Use Tax Topics: Charitable Organizations*, pursuant to C.R.S. § 39-26-718.

Including here some supplemental information from Jan Knisley, Treasurer of Rotary Club of Granby, who has done research on the CO Sales Tax rules, as her club has these considerations.

- **General Rule:** Nonprofits are generally required to obtain a sales tax license and **collect and remit sales tax** if they regularly sell tangible personal property to the public (such as running a gift shop, bookstore, or ongoing merchandise sales). [1]
- **The "Occasional Sales" Exemption: You do not need to collect or remit sales tax on fundraising sales if all of the following conditions are met:**
  - The sales are made strictly for fundraising purposes.
  - The net proceeds are retained by the organization for its charitable services.
  - The organization conducts these sales for **12 days or less** during the calendar year.
  - The **net proceeds** from these sales do not exceed **$45,000** in the calendar year. [1]
- **When Proceeds Exceed $45,000:** If your net proceeds from occasional fundraising sales exceed $45,000 in the current year, any sales made after crossing that $45,000 threshold become subject to sales tax. If your net proceeds in the preceding calendar year exceeded $45,000, all of your sales in the current year are subject to sales tax. [1]