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Questions arise from time-to-time about when a component fund is tax exempt. To address this question, we have outlined a few basics for fund advisory committee members to review.

## SOME BASICS

Minnesota law exempts certain nonprofit organizations from paying Sales and Use Tax. To get this exemption, an organization must apply to the Minnesota Department of Revenue for authorization, known as Nonprofit Exempt Status.

Since the funds held by NMF operate with the NMF 501c3 status, NMF does hold the sales tax exemption for qualifying purchases. The NMF exempt number belongs to Northwest Minnesota Foundation and is not transferrable or extendable to any individual.

## PAYMENTS to VENDORS

If a fund is ordering from a vendor, the vendor must establish sales tax exemption with NMF prior to an order being made, **if the fund wishes to NOT pay sales tax**. An ST-3, Certificate of Exemption must be requested from NMF (Stacey Grill [staceyg@nwmf.org](mailto:staceyg@nwmf.org)). The requester will need only provide the name and address of the vendor. Upon completion of the ST-3 form, Stacey will complete and sign the form and return it to the person requesting to place the order with the vendor.

NMF strives to establish tax-exempt status with each regular vendor **BEFORE** placing orders so that the vendor has a clear understanding of what is and is not to be charged. NMF must pay sales taxes when orders are placed before establishing sales tax exemption with a vendor.

If fund advisors are submitting an invoice through a Payment Request for direct payment to a vendor, the invoice should list the purchaser as NMF/The Fund Name. Sales tax will not be paid on this invoice, with a qualifying ST3 requested, completed, and filed.

## PAYMENTS/REIMBURSEMENTS to INDIVIDUALS

No individual is tax exempt. Sales tax must be paid on any reimbursements to an individual.