

# Nonprofit youth organizations

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HB 1550 did not affect the nonprofit B&O and sales and use tax exemptions found in RCW 82.04.4271 and 82.08.0291, respectively. In the past, certain nonprofit youth organizations qualified for a business and occupation tax and retail sales tax exemption on membership fees and certain service fees, and they remain eligible for these exemptions.

## Qualifications

In order to qualify for the exemption from B&O tax and the deduction from retail sales tax, a nonprofit youth organization must be:

- A nonprofit organization engaged in the character building of youth ("character building" is defined as "activities for children under eighteen years of age that are for the general public good. The activities may build, improve, or enhance a child's moral constitution by developing moral or ethical strength, leadership, integrity, self-discipline, fortitude, self-esteem, and reputation); **and**
- Exempt or eligible to be exempt from property tax under RCW 84.36.030.

If the nonprofit youth organization met or meets these eligibility requirements, it is not required to pay B&O tax or collect retail sales tax on its membership fees or dues for the recreational services it provides its members.

If the nonprofit youth organization does not meet the eligibility requirements, the income is taxable.

For more information about Nonprofits, see our online Nonprofit Organization guide.

## Questions regarding nonprofit youth organizations?

Email us at [Rulings@dor.wa.gov](mailto:Rulings@dor.wa.gov).

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