



**Association of
American Medical Colleges**
655 K Street, N.W., Suite 100, Washington, D.C. 20001-2399
T 202 828 0400
www.aamc.org

Last Updated: January 30, 2017

Re: AAMC Sales Tax exempt in Tennessee

Pursuant to [Tenn. Code Ann. Section 67-6-322](#), the AAMC, an Illinois not-for-profit corporation with headquarters in the District of Columbia, qualifies as a Tennessee state sales tax exempt organization. The Tennessee state sales tax is currently 7%. This sales tax exemption is only applicable to sales made directly to the AAMC, such as to a hotel master account, P-card purchases, or goods/services invoiced to the AAMC.

Tennessee does not issue tax exempt certificates to out-of-state entities. Tennessee issued guidance on what tax-exempt out-of-state entities should do to qualify for Tennessee state sales tax exemption, Tennessee Department of Revenue Sales and Use Tax Notice #15-16 and dated June 2015, below for reference. The guidance is for AAMC to provide the vendor a copy of the AAMC federal IRS letter of determination.

Attached to provide to vendor when requesting a Tennessee state sales tax exemption:

- Tennessee Department of Revenue Sales and Use Tax Notice #15-16, with relevant portions highlighted
- AAMC's March 21, 1957 federal letter of determination
- AAMC's February 27, 2008 federal verification of 1957 letter of determination

As some vendor's may be less familiar with tax-exempt out-of-state entities, please provide this document to the vendor in advance of finalizing the contract or completing the purchase so that the state sales tax may be removed from our final bill. If the contract is to be signed well in advance of the provision of the goods/services, please request that the vendor provide a letter (or email) acknowledging that the AAMC is exempt from Tennessee state sales tax, provided that the law does not change.



Sales and Use Tax Notice

Notice #15-16

June 2015

Nonprofit Exemption

Purchases by Qualified Nonprofit Entities of Property and Services Are Tax Exempt

Generally, nonprofit entities are exempt from paying sales or use tax on their purchases of property and services. A nonprofit entity must apply for and receive the Sales and Use Tax Certificate of Exemption from the Department of Revenue before making tax-exempt purchases. The application is available on the Department's website.

An out-of-state 501(c)(3) organization may use its federal authorization to make tax-free purchases in Tennessee.

New Exemption Certificates Issued

Every four years the Department reviews all registered nonprofit entities to determine their continued eligibility for the Sales and Use Tax Certificate of Exemption. Eligible nonprofit entities have received their new Certificates of Exemption with an effective date of July 1, 2015.

Any dealer who makes a tax-exempt sale of property or services to a nonprofit entity on or after July 1, 2015, must obtain the new Certificate of Exemption to document the tax-exempt sale. Dealers should maintain exemption certificates dated prior to July 1, 2015, to verify previous tax exempt sales.

The Nonprofit Exemption Does Not Extend to Taxable Sales the Nonprofit Makes

The exemption applies to all property or services that the nonprofit entity will use, consume or give away. The exemption does not extend to sales of

property or services made by a nonprofit entity to consumers.

Nonprofits Making Regular Sales May Use a Resale Certificate to Buy Merchandise for Resale without Paying Tax

If the entity regularly makes sales of merchandise, it must register with the Department to collect and pay sales tax on its sales. In addition to the Tennessee Certificate of Registration, the entity will receive a resale certificate that can be used to make tax-exempt purchases of merchandise that it resells.

A Nonprofit Entity Must Provide a Copy of Its Certificate of Exemption to the Vendor When Making a Tax-Exempt Purchase

A nonprofit entity must provide a copy of its certificate of exemption, with the bottom portion of the certificate filled in, to a vendor when making purchases. A nonprofit entity also may use a fully completed streamlined sales tax certificate, which must include the exemption authorization number. The exemption number is located on the new exemption certificate.

Nonprofit Employees' or Contractors' Purchases Made with Personal Checks or Personal Debit/Credit Cards Still Taxable

The exemption only applies to sales made directly to the nonprofit entity. This means that the property or service must be purchased with the nonprofit entity's funds (cash, the entity's check, or the entity's debit/credit card). A purchase made with a personal

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department of your tax professional for further guidance.

check or personal debit/credit card is not exempt, even if the purchaser is an employee or contractor of the exempt entity and will be reimbursed by the entity. Sellers should not accept the nonprofit exemption certificate when payment is made using funds not belonging to the nonprofit entity.

An Entity Must Continue to Qualify for the Exemption in Order to Use the Exemption Certificate

Qualifications for an exemption are subject to review and verification upon audit. Misuse of an exemption certificate can result in not only a tax assessment, but also potential revocation of the exemption certificate and the entity's sales tax license.

A Nonprofit Making Sales during Two or Fewer Temporary Sales Periods May Use Its Exemption Certificate to Buy Merchandise for Resale without Tax

If the entity only sells merchandise or services during two or fewer temporary selling periods per year, with each period lasting 30 days or less, then it is not required to register to collect sales tax on its sales. However, if more than two temporary selling periods take place during a year, or if a sales period extends beyond 30 consecutive days, then all sales for the year are subject to sales tax. The nonprofit entity may use its Certificate of Exemption to make

tax-exempt purchases of merchandise that it will sell during two or fewer temporary sales periods.

K-12 Schools and School Support Groups Pay Tax on Purchases and Do Not Collect Tax on Sales

Schools (kindergarten through 12th grade) and school support groups must pay sales or use tax on all purchases of property and services that are intended for resale, except for food for school meals, textbooks and workbooks. They are not allowed to make tax-exempt purchases for resale by using a resale certificate or a Certificate of Exemption. However, the schools and school support groups are not required to register to collect the sales tax on any of their sales.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-6-322; Tenn. Code Ann. § 67-6-409; Tenn. Code Ann. § 67-6-102; Tenn. Code Ann. § 67-6-229; TENN. COMP. R. & REGS. 1320-5-1-.09; TENN. COMP. R. & REGS. 1320-5-1-.51



U. S. TREASURY DEPARTMENT

WASHINGTON 25

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
WASHINGTON 25, D. C.

AND REFER TO

T:R:PEO
JRB

MAR 21 1957

Association of American Medical Colleges
185 N. Wabash Avenue
Chicago 1, Illinois

Gentlemen:

This refers to your application for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

It is the opinion of this office, based upon the evidence presented, that you are exempt from Federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1954, as it is shown that you are organized and operated exclusively for educational purposes. This affirms our prior rulings holding you exempt as an unincorporated organization under section 101(6) of the 1939 Code and corresponding provisions of prior Acts.

Accordingly, you are not required to file income tax returns unless you change the character of your organization, the purposes for which you were organized, or your method of operation. Any such changes should be reported immediately to the District Director of Internal Revenue for your district in order that their effect upon your exempt status may be determined.

You are required, however, to file an information return, Form 990A, annually, with the District Director of Internal Revenue for your district so long as this exemption remains in effect. This form may be obtained from the District Director and is required to be filed on or before the fifteenth day of the fifth month following the close of your annual accounting period.

Contributions made to you are deductible by the donors in computing their taxable income in the manner and to the extent provided by section 170 of the 1954 Code.

Bequests, legacies, devises or transfers to or for your use are deductible in computing the value of the taxable estate of a decedent for Federal estate tax purposes in the manner and to the extent provided by sections 2055 and 2106 of the 1954 Code. Gifts of property to or for your use are deductible in computing taxable gifts for Federal gift tax purposes in the manner and to the extent provided by section 2522 of the 1954 Code.

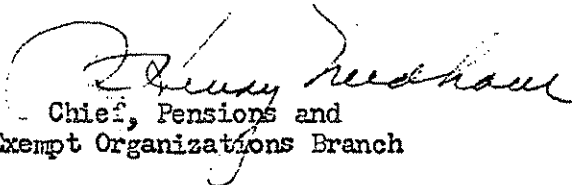
2 - Association of American Medical College

No liability is incurred by you for the taxes imposed under the Federal Insurance Contributions Act (social security taxes) unless you have filed a waiver of exemption certificate in accordance with the applicable provisions of such Act. In the event you desire social security coverage for your employees or have any questions relating to the filing of a waiver of exemption certificate you should take the matter up with your District Director of Internal Revenue.

Your attention is called to the provisions of section 501(c)(3) of the Internal Revenue Code of 1954 under which your exemption will be revoked if any substantial part of your activities consists of carrying on propaganda, or otherwise attempting, to influence legislation, or if you participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

The District Director of Internal Revenue, Chicago, Illinois, is being advised of this action.

Very truly yours.


Chief, Pensions and
Exempt Organizations Branch



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248323268
Feb. 27, 2008 LTR 4168C E0
36-2169124 000000 00 000
00018020
BODC: TE

ASSOCIATION OF AMERICAN MEDICAL
COLLEGES
2450 N ST NW
WASHINGTON DC 20037-1118502

021401

Employer Identification Number: 36-2169124
Person to Contact: Kathy Masters
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Feb. 15, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in March 1957, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I