



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

November 18, 2013

## **The Purchase of Clay Targets by a Nonprofit Gun Club**

### **Temporary Tax Exemption for Nonprofit Gun Clubs**

Beginning October 1, 2013, the purchase of clay targets by nonprofit gun clubs are temporarily exempt from sales and use tax. This exemption expires July 1, 2017. (See Engrossed Substitute Senate Bill [ESSB] 5882 [Chapter 13, Laws of 2013, 2nd Special Session].)

The new law provides a retail sales tax and use tax exemption for clay targets if:

- The clay targets are purchased by nonprofit gun clubs, and
- A fee is charged by the nonprofit gun club for clay target shooting.

To claim a sales tax exemption, the nonprofit gun club must provide the vendor with a Buyer's Retail Sales Tax Exemption Certificate at the time of purchase. The exemption certificate is available at <http://dor.wa.gov> under "get a form or publication".

### **New Reporting Requirements for Buyers**

The sales and use tax exemption for clay targets is subject to the additional reporting requirements. (See ESSB 5882 Part XVII (Chapter 13, Laws of 2013, 2nd Special Session))

Buyers must report the amount of tax preference received. This is reported under the "Tax Preference" section of the Department's E-file tax return. When completing this section of the return, buyers should select "Clay Targets by Nonprofit Gun Clubs" from the drop down list of exemptions. Enter the total purchase price paid for the exemptions claimed for that tax reporting period. This addendum must be completed in addition to a buyer's regular reporting responsibilities.

Buyers are not required to report the amount of preference received if:

- The tax benefit to a buyer is less than \$1,000 per year; or
- The buyer files an annual tax return with the Department.

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**Requirements for Sellers of Clay Targets**

Sellers making tax-exempt sales under this law must:

- Get a completed Buyer's Retail Sales Tax Exemption Certificate from the eligible buyer.
- Report their total gross sales on their tax return and deduct their exempt clay target sales from their reported gross sales.
- Keep the copy of the exemption certificate with the business records for five years after the date of the exempt sale.

The gross proceeds of sales that qualify for this sales tax exemption remain subject to the retailing B&O tax because there is no business and occupation (B&O) exemption.