

## **Sales Tax Index -- Charitable Organizations**

**Question:** How does a charitable organization that provides prepared meals on an ongoing basis and accepts a donation of any amount as payment for the meals calculate the sales tax due on the meals?

**Answer:** The amount of the donation will be the basis for the tax unless the donation exceeds the value of the meal. For examples: if the organization determines that the value of the meal is \$4.86 and a \$12 donation is made for the meal, then \$5 will be the cost of the meal including the \$.14 tax and the additional \$7 will be considered a charitable contribution. If the donation for the meal is \$3, then the \$3 will be considered the cost of the meal including the \$.08 sales tax.