



**Georgia Department of Revenue
Policy Bulletin SUT-2017-03
Sales and Use Tax Exemptions for
Nonprofit Volunteer Health Clinics and Nonprofit Health Centers
Revised August 11, 2020**

Purpose: This Policy Bulletin provides guidance on the sales and use tax exemptions for nonprofit volunteer health clinics and nonprofit health centers.

Publication Date: March 14, 2017

Authority: O.C.G.A. § 48-8-3(7.3) and (7.05).

Scope: A Policy Bulletin is intended to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers, superseding all conflicting documents and oral directives previously issued by the Department. A Policy Bulletin does not have the force or effect of law and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or subsequent Policy Bulletin.

2020 Update

- *Senate Bill 104, passed by the General Assembly and signed by the Governor on August 5, 2020, extends the sales and use tax exemptions for nonprofit volunteer health clinics and nonprofit health centers indefinitely.*
 - *The procedure for applying for sales tax exemption letters of authorization (LOAs) remains the same. LOAs will expire on June 30 each year. Taxpayers must apply for a new LOA annually.*
 - *Click [here](#) for instructions on how to apply for a sales tax exemption LOA for a nonprofit volunteer health clinic.*
 - *Click [here](#) for instructions on how to apply for a sales tax exemption LOA for a nonprofit health center.*
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Nonprofit Volunteer Health Clinics

Beginning July 1, 2015, sales of certain tangible personal property and services to a nonprofit volunteer health clinic are exempt from state and local sales and use tax pursuant to O.C.G.A. § 48-8-3(7.3) if:

- the clinic primarily treats indigent persons with incomes below 200 percent of the federal poverty level, and
- the clinic is a tax-exempt organization under the Internal Revenue Code.

The exemption for nonprofit volunteer health clinics is limited to tangible personal property and services used exclusively in performing a general treatment function in Georgia. Purchases for any other purpose are not exempt.

Nonprofit Health Centers

Beginning July 1, 2015, sales of certain tangible personal property to a nonprofit health center are exempt from state sales and use tax pursuant to O.C.G.A. § 48-8-3(7.05) if the center:

- is established under the authority of and is receiving funds pursuant to the United States Public Health Service Act (42 U.S.C. Section 254b), and
- is located in Georgia.

Unlike the exemption for nonprofit volunteer health clinics, the exemption for nonprofit health centers applies only to state sales and use tax. Thus, nonprofit health centers must pay local sales and use tax on all of their purchases. In addition, the exemption is limited to purchases of tangible personal property only and does not extend to purchases of taxable services.

Letters of Authorization

Nonprofit volunteer health clinics and nonprofit health centers are not required to have a sales tax number to make exempt purchases. To make tax exempt purchases, a nonprofit volunteer health clinic or nonprofit health center must present a valid LOA to the seller. The seller must retain the copy of the LOA for audit purposes. Sellers are permitted to deliver property purchased with an LOA to any location operated by the nonprofit volunteer health clinic or nonprofit health center. To receive a tax refund, a nonprofit volunteer health clinic or nonprofit health center must first obtain an LOA that is valid for the period in which the purchase was made.

To obtain an LOA from the Department of Revenue, nonprofit volunteer health clinics or nonprofit health centers must apply online through the Georgia Tax Center (GTC). A qualified applicant must provide all the requested information and upload an electronic copy of the applicant's IRS exemption determination letter to successfully complete the application.

The GTC application requires the following information for the calendar year prior to the period for which the applicant is applying: the total number of Georgia patients treated, the average monthly number of full-time employees, and the total dollar amount of exempt purchases made by the applicant. Therefore, an applicant applying for an LOA valid from July 1, 2015 through June 30, 2016, for example, must report information for the 2014 calendar year. No reporting is required for years prior to 2014.

Within 2 to 3 business days of application, the Department will mail the LOA to the applicant and make the LOA available for printing on the applicant's GTC account. Nonprofit volunteer health clinics and nonprofit health centers must apply for an LOA annually.

Only one LOA will be issued for each organization, regardless of the number of locations operated by the organization. The LOA is not transferrable; thus, no entity other than the organization in whose name the LOA is issued is permitted to use the LOA to make exempt purchases.

How to apply

Instructions on how to apply for a sales tax exemption LOA for a nonprofit volunteer health clinic are at <https://dor.georgia.gov/how-apply-sales-tax-exemption-letter-authorization-nonprofit-volunteer-health-clinic>.

Instructions on how to apply for a sales tax exemption LOA for a nonprofit health center are at <https://dor.georgia.gov/how-apply-sales-tax-exemption-letter-authorization-nonprofit-health-center>.

For more information, please contact the Department at 1-877-423-6711 from 8:00 a.m. to 6:30 p.m. ET, Monday through Friday, excluding holidays. For forms and other information, visit the Department's website at dor.georgia.gov.