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 It is, however, the Department’s position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or subsequent Policy Bulletin.

Nonprofit Volunteer Health Clinics

From July 1, 2015 through June 30, 2018, 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

From July 1, 2015 through June 30, 2018, 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.

The exemption for nonprofit health centers does not apply to local sales and use tax. In addition, this exemption is limited to purchases of tangible personal property only and does not extend to purchases of taxable services.
**Letters of Authorization**

A health clinic or center must present a valid letter of authorization (LOA) to the seller in order to make tax exempt purchases. To receive a tax refund, a health clinic or center must hold an LOA that is valid for the period in which the purchase was made.

To obtain an LOA from the Department of Revenue, health clinics and centers must apply online through the Georgia Tax Center (GTC). GTC applications will be available starting March 16, 2017. To successfully complete the application, a qualified applicant must provide all the requested information and upload an electronic copy of the applicant’s IRS exemption determination letter.

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 April 1, 2016 through March 31, 2017, for example, must report information for the 2015 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. The LOA will be valid from April 1 through March 31. In 2018 when the exemption expires, LOAs will be valid from April 1 through June 30. Health clinics and 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.

Health clinics and centers must provide a copy of a valid LOA to each dealer from whom exempt purchases are made, and the dealer must retain the copy for audit purposes. Dealers are permitted to deliver property purchased with an LOA to any location operated by the organization. Health clinics and centers are not required to have a sales tax number to make exempt purchases.

**How to apply**

- Click the Exemption tab.
- Click the hyperlink for Nonprofit Health Centers or Nonprofit Volunteer Clinics.
- If you intend to submit a claim for a refund of taxes paid in a year for which your organization did not have an LOA, select “yes” next to the question “Are you applying for a previous year?” on the “Select Application Period” screen.
- On the “Application data” screen, please enter data as requested. Check the box “No data to report” if your organization is a new entity with no data to report for the previous year.

For more information, please contact the Department at 1-877-423-6711 from 8:00 a.m. to 4:30 p.m. EST, Monday through Friday, excluding holidays. For forms and other information, visit the Department’s website at dor.georgia.gov.