

Content #4

Non-Profit Exemption

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Content #4A

Non-Profit Exemption

Qualifications for Exemption / Deduction

NO TAX (State or City)

- ❖ For Hospitals, Health Care Centers and Rehabilitation Centers which have been granted tax-exempt status under Section 501(c) (3) of the internal revenue code by the IRS, and to which the Arizona Department of Revenue has issued a “Letter of Exemption” for non-profit status
 - **Qualifying Hospital** - that is exclusively for charitable purposes with no benefit to any private shareholder or individual, such as: licensed nursing care institution; a licensed residential care institution; a kidney dialysis center that provides medical services; a nursing service or health related service and is not used or held for profit; or, a hospital, a nursing institution, or a residential care that is operated by the federal government, the State of Arizona, or a political subdivision of Arizona.
 - **Qualifying healthcare organization** - that is dedicated to providing educational, therapeutic, rehabilitative, and family medical education training for the blind
 - **Qualifying community health/ rehabilitation center** – That deals exclusively with training, job placement, rehabilitation programs or testing for the mentally and physically handicapped persons
- ❖ Must be able to provide a copy of their ADOR exempt letter
- ❖ Must be able to provide a copy of their non-profit business license (if applicable)

Content #4B

Non-Profit Exemption

Required Documentation & Self Audit Examination

❖ ADOR Letter of Exemption

- Verify the letter authorizing non-profit status is from the Arizona Department of Revenue (ADOR) **not** IRS
- Verify the letter is current (note: the letter expires annually from the date of issuance; therefore, qualifying institution must re-apply and obtain a new letter).
- Verify the letter exemption includes retail business classification 17 along with one of the A.R.S. codes
- Verify the name and address are on all documents throughout the deal:
 - TPT License (if applicable)
 - Form 5000
 - Buyers order (B/O)
 - Payment for purchase

❖ Business license (TPT License)

- **Most Clinics, having no sales, do not have a TPT**
- Purpose is to prove they are licensed to do business in AZ
- If you don't have an updated, printed copy of the TPT License; print a verification using the Arizona Privilege Tax number on the form 5000. Use link <http://AZTAXES.GOV> and click on license verification

❖ Payment of Vehicle

- Verify we have a copy of check (if applicable) in the deal.
- Verify the name on the check is the qualifying institution's name

❖ Form 5000HC –

- Verify name and address as the same as the ADOR letter
- Verify the certificate Single Transaction Certificate is marked
- Verify the correct Reason for Exemption (per ADOR letter) is marked
- Verify Description of property (vehicle) purchased denotes the Make, Model & VIN number
- Verify usage of vehicle is denoted
- Verify the signature and title of the person completing the is on the form
- Verify the signature date is, approximately, the date of the deal

❖ TRP (Temporary License Plate)

- Verify the TRP lists the non-profit organization's name



- I. Qualifying Hospitals
- or
- II. Qualifying Health Care Organizations
- or
- III. Qualifying Rehabilitation Programs for Mentally or Physically Disabled Persons
- or
- IV. Qualifying Community Health Centers

This Exemption Certificate is prescribed by the Department of Revenue pursuant to A.R.S. § 42-5009. The purpose of the Certificate is to document tax-exempt transactions with qualified purchasers. It is to be filled out completely by the purchaser and furnished to the vendor. The vendor shall retain this Certificate along with a copy of the organization's annual "Exemption Letter" for single transactions or for specified periods as indicated below. Incomplete Certificates are not considered to be accepted in good faith. Only one category of exemption may be claimed on a Certificate.

A. Purchaser's Name and Address:			B. Check Applicable Box:	
Name			<input type="checkbox"/> Single Transaction Certificate	
Address			<input type="checkbox"/> Period From _____ Through _____	
City	State	ZIP Code	<i>(You must choose specific dates for which certificate will be valid, not to exceed the annual period stated in the Department's Exemption Letter.)</i>	
Vendor's Name				

C. Facility:	
Name of Facility*	Facility Location*

* (If the purchaser is claiming an exemption for more than one facility location, reference and attach a list of the locations to the Form 5000HC.)

D. Reason for Exemption:
I. Qualifying Hospital (check appropriate box):
<input type="checkbox"/> Hospital - The above location or satellite facility provides through an organized medical staff, inpatient beds, medical services, and continuous nursing services for the diagnosis and treatment of patients.
<input type="checkbox"/> Licensed Nursing Care Institution - The above location is a health care institution providing inpatient beds or resident beds and nursing services to persons who need nursing services on a continuing basis but who do not require hospital care or direct daily care from a physician.
<input type="checkbox"/> Licensed Residential Care Institution - The above location is a health care institution other than a hospital or a nursing care institution that provides resident beds or residential units, supervisory care services, personal care service, directed care services or health-related services for persons.
<input type="checkbox"/> Residential Care Facility Operated in Conjunction with a Licensed Nursing Care Institution - The above location provides medical, nursing, or health-related services for residents of the residential units and is operated in conjunction with a licensed Nursing Care Institution.
<input type="checkbox"/> Licensed Kidney Dialysis Center - The above location provides medical, nursing or health-related services and is not used or held for profit.

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II. Qualifying Health Care Organization ("QHCO") (check appropriate box):

- Tangible personal property purchased or leased by a QHCO when the property is to be *solely used* to provide health and medical related educational and charitable services. The above location must provide educational or charitable services that are health and medical related.
- Any tangible personal property purchased or leased by a QHCO dedicated to providing educational, therapeutic, rehabilitative and family medical education training for blind and visually impaired children and children with multiple disabilities from time of birth to age twenty-one.

III. Programs for Mentally or Physically Disabled Persons:

- Tangible personal property purchased or leased by a nonprofit charitable organization that engages in and uses such property exclusively in programs for persons with mental or physical disabilities if the programs are exclusively for training, job placement, rehabilitation or testing.

IV. Qualifying Community Health Centers

- The tangible personal property purchased or leased is used by the community health center that is either: 1) the sole provider of primary care in the community, 2) a nonhospital affiliated clinic that is located in a federally designated medically underserved area in this state, or 3) a clinic that is being constructed as a qualifying community health center.

**E. Describe the tangible personal property* purchased or leased and its use below.
(Use additional pages if needed)**

→ year, make, model & VIN #
→ describe purpose of its use

*(which may include utilities, job printing or restaurant purchases for certain purchasers. See Department Exemption Letter.)

F. Certification

A vendor that has reason to believe that the Certificate is not accurate or complete will not be relieved of the burden of proving entitlement to the exemption. A vendor that accepts a Certificate in good faith will be relieved of the burden of proof and the purchaser may be required to establish the accuracy of the claimed exemption. If the purchaser cannot establish the accuracy and completeness of the information provided in the Certificate, the purchaser is liable for an amount equal to the transaction privilege tax, penalty and interest which the vendor would have been required to pay if the vendor had not accepted the Certificate. Misuse of this Certificate will subject the purchaser to payment of the A.R.S. § 42-5009 amount equal to any tax, penalty or interest. Willful misuse of this Certificate will subject the purchaser to criminal penalties of a felony pursuant to A.R.S. § 42-1127(B).

→ I, (print full name) _____, hereby certify that these transaction(s) are exempt from Arizona transaction privilege tax and that the information on this Certificate is true, accurate and complete. Further, if purchasing or leasing as an agent or officer, I certify that I am authorized to execute this Certificate on behalf of the purchaser named above.

Purchaser
or
Agent / Signature

X

X

SIGNATURE OF PURCHASER REPRESENTATIVE

DATE

TITLE

- Qualifying Letter -

T-02-2003-TRU 02:37 PM

P. 002

10/02/2003 14:22

NORTHERN AZ HEALTHCARE → #41925#814908393714

NO. 609 0002

FEB. 5. 2003 11:00AM

9287732390
NAH FINANCIAL OPS

NO. 706 P. 1/1

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007-2650

Vincent G. Potez
Function Executive



Miguel Tapasco
Administrator

November 18, 2002

Northern Arizona Healthcare Corp. ADDRESS
Flagstaff Medical Center
1200 North Beaver Street
Flagstaff, AZ 86001

RE: QUALIFYING HOSPITAL - 01/01/2003-12/31/2003 DATE

Based upon a review of the information which you have provided, this will serve as notice that the above captioned organization is entitled to the exemption from Arizona's Transaction Privilege and Use Taxes under current statutes as applicable for the above captioned period.

This exemption applies to qualified purchases or leases from the following business classifications pursuant to the statutes cited below. The business classifications cited below are the only ones currently available under statute. Please note that only the entity named above is entitled to the exemptions cited below.

Code	Taxable Activity	Statute Reference
4	Utilities	ARS 42-6053.C.1(a)
9	Publishing	ARS 42-6056.B.2(a)
10	Job Printing	ARS 42-6056.B.3(a)
11	Restaurant & Bar	ARS 42-6074.B.7
14	Personal Property Rental	ARS 42-6071.B.2(a)
17	Retail	ARS 42-6091.A.23(a)
20	Use Tax (fourth class of tangible property)	ARS 42-5101.A.13(a)(b)(c)

This exemption is subject to annual review to ascertain any changes in your activity which might affect your exempt status. A request for next year must be received in writing at least 90 days prior to the first day of the exemption period. Your request must include a copy of your license from the Department of Health Service to operate as a "qualifying hospital".

If any information which the Department of Revenue has relied upon was inaccurate or material information was omitted, the exemption may be void.

Since the Department does not issue numbers for this purpose, please provide your suppliers with a copy of this letter.

Sincerely,
Transaction Privilege and Use Tax Function

Brandi A. Schaefer
Brandi A. Schaefer
Administrative Assistant II

OTHER LOCATIONS: Tucson Government Mall - 400 W. CONGRESS - TUCSON
East Valley - 8191 N. WASHINGTON STREET - CHANDLER
North Valley - 2802 W. AGUA FRIA FREEWAY - PHOENIX