



Key Topics for a Key Role

Questions and Answers

Record Keeping

Q. How long should we keep financial documents?

A. Most financial records can be tossed after 7 years. However, items such as the Determination Letter (of tax-exempt status) from the IRS, articles of incorporation, etc. should be retained permanently.

Sales Taxes

Q. Does the sale of food involve taxes for events that we self-cater?

A. The source of food is not a factor in its taxation – whether purchased or donated, if it is taxable, sales tax should be collected. See Publication 18 pages 25-29 for more information about the various kinds of food and which are subject to sale tax.

Q. Can you give an example of auction items and sales taxes? How do you calculate the sales tax?

A. Sales tax should be remitted on the total sales price of auction items, regardless of its value.

Q. If you had a fund-raising auction, and didn't know about the sales tax requirement?

A. Register for a sellers permit right away. Registering promptly may allow you to file and pay any tax due before any penalty or interest is due.

Q. Do purchases by the branch require it to pay sales taxes?

A. Yes, unless the purchase is for items that will be resold to end customers, at which time sales tax will be collected. The vendor can be informed of the branch's seller's permit.

1099 Requirements

Q. Do awards for NCCWSL require 1099s?

A. Since NCCWSL is an event, not an institution of higher education, an award to attend it is not considered a scholarship by the IRS. If the total award to an individual, for travel expenses and other items exceeds \$600, a 1099-MISC should be issued.

Q. Does payment to an AAUW Fund Fellow for hotel, travel, and honorarium require a 1099?

A. If the total is over \$600, yes.

Q. If a branch collects Tech Trek contributions and forwards them to CA SPF, is the branch required to issue 1099s to the selected campers?

A. If a branch collects donation checks from others made payable to AAUW-CA-SPF and then mails these checks to a Tech Trek camp or to SPF, the branch does not need to issue 1099s. In this instance, the donation checks are never deposited to the branch bank account and the branch is simply forwarding the donations to SPF. We are continuing to research this topic when a branch does not follow the above process.

Q. Does rent paid to a city, church or college require the issuance of a 1099?

A. Normally, this kind of entity would not require a 1099. A private individual, or small business may require one.