Nonprofit Organization

Indiana Tax Guide

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What is the Indiana Department of Revenue?

The Indiana Department of Revenue (DOR) serves Indiana by administering tax laws in a fair, secure, and efficient manner. Our purpose is to provide great government service to our customers. If you have questions or need assistance beyond what this guide offers, there are many ways to contact us.

Our goal with this publication is to help nonprofits understand the basics of their state tax obligations. For more detailed information on the subjects in this guide, visit DOR's Tax Library.

What Is a Nonprofit?

A nonprofit is an organization formed to serve a mission instead of making a profit. Several nonprofit exempt statuses exist under the U.S. Internal Revenue Code (IRC), including religious organizations, private foundations, political organizations, and charitable organizations—commonly referred to as 501(c)(3)s. Visit the Internal Revenue Service (IRS) website for more information.

INTIME

Nonprofits can create an account with DOR's customer portal, the Indiana Taxpayer Information Management Engine (INTIME). INTIME enables nonprofits to remit taxes, manage accounts, file forms like the NP-20A and NP-20R, and access exemption certificates (Form NP-1) all in one convenient location, 24/7.

Power of Attorney

Many nonprofit organizations hire a tax professional to help navigate their tax obligations. Nonprofits who want to elect someone to file with DOR on their behalf must either complete an electronic Power of Attorney (ePOA) on INTIME, or submit Form POA-1 by mailing or faxing a copy to DOR. Filing a POA grants your chosen representative access to the organization's information and the ability to act on their behalf. Nonprofits can also learn more about finding a reputable tax preparer on DOR's website.

IRS and Indiana Registration

Nonprofits must complete four steps to gain nonprofit status in Indiana.

1. Register as a Nonprofit Corporation with the Indiana Secretary of State through INBiz.
2. Gain tax-exempt status with the federal government. Nonprofits must obtain a Federal Employer Identification Number (FEIN) and then apply with the IRS for nonprofit status with Federal Form 1023.
3. After filing with the IRS, the nonprofit must then register with DOR by filing Form NP-20A, the Nonprofit Application for Sales Tax Exemption, which can be accessed on INTIME. The

nonprofit must complete the NP-20A within 120 days of the nonprofit's formation. A copy of the Federal Determination Letter from the IRS should accompany the NP-20A application.

4. After the application is accepted, the nonprofit can obtain a specially issued exemption certificate through INTIME, Form NP-1. A nonprofit organization that does not sell taxable products and/or that does not need to purchase items exempt from sales tax must still file Form NP-20A with DOR to comply with further filing requirements related to income tax.

Indiana public schools should not register as nonprofits with DOR and should use Form ST-105, as they are treated as governmental entities.

Nonprofit Forms

Form	Purpose	When to File
NP-20A (INTIME)	Apply for sales tax exemption and nonprofit status in Indiana	Within 120 days of a nonprofit's formation
NP-20R (INTIME)	Indiana Nonprofit Organization's Report	Every five years by May 15 to remain registered in Indiana
IT-20NP	Unrelated Business Income Tax Return	Annually, if applicable
NP-1 (INTIME)	Sales Tax Exemption Certificate	As needed for vendors
ST-109NP&G	Utility Tax Exemption	As needed, submitted directly to utility providers
NP-20T	Temporary Sales Tax Exemption	Prior to short-term nonprofit events in Indiana
IT-6 (INTIME)	Indiana Corporation Estimated Quarterly Income Tax Return	On the 20th day of the fourth, sixth, ninth, and 12th months of the taxable year

Periodic Filing Requirements

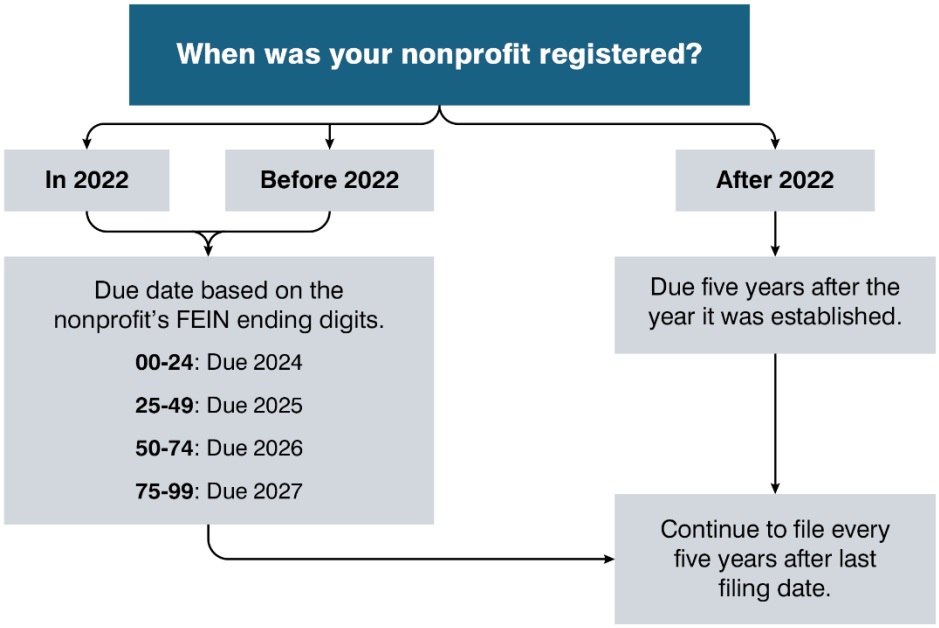
Form NP-20R, Indiana Nonprofit Organization's Report

Nonprofits must file Form NP-20R, the Indiana Nonprofit Organization's Report, every five years to maintain nonprofit status in Indiana. Form NP-20R replaces Form NP-20, which nonprofits were required to file annually prior to 2023.

The year that each nonprofit is required to file this form is based on two different factors. First, if the nonprofit was established after 2022, the NP-20R is due five years after the year it was established, and again every five years after that. Second, if the nonprofit was created in 2022 or before, the NP-20R is due based on the nonprofit's FEIN ending digits:

- 00-24: Due 2024
- 25-49: Due 2025
- 50-74: Due 2026
- 75-99: Due 2027

After the nonprofit files on the year shown above, the organization must file Form NP-20R in the fifth year proceeding with their last filing to keep their nonprofit status in the state of Indiana. The flowchart below illustrates how a nonprofit may determine their filing date according to these rules.



Completed federal forms 990, 990PF, 4720, and 5500-C can serve as attachments to a nonprofit's NP-20R cover page that will require an authorized person's signature.

DOR will notify the organization if it fails to file the report. If the report is not filed within 60 days after receiving the notice, the organization's tax-exempt status will be revoked. DOR may reinstate the

organization's exempt status if the organization provides evidence in writing that the failure was due to excusable neglect.

Unrelated Business Income Tax

If a nonprofit earns income from activities not directly related to its mission (e.g., a gift shop, bookstore or café), the nonprofit must file Form IT-20NP to report unrelated business income. There are several factors that influence whether a nonprofit has unrelated business income, such as if it offers a proprietary product that is in direct competition with for-profit businesses, the federal designation of the nonprofit, and if the income is being used for something other than the nonprofit's purpose. A nonprofit can check what is considered unrelated business income by reviewing IRS Publication 598 for more details.

Form IT-20NP is due on the 15th day of the fifth month following the close of the tax year (accounting year of the nonprofit organization). The nonprofit must then pay adjusted gross income tax on that reported business income. Indiana law requires nonprofits with two or more unrelated trades or businesses to compute the income from the trades or businesses separately. Nonprofits with multiple lines of business may also need to complete Schedule IN-UBI, and include the completed schedule with their IT-20NP. DOR's Income Tax Information Bulletin #17 and the IT-20NP Instruction Booklet provide nonprofits with more unrelated business income information.

Estimated Quarterly Income Tax Payments

Certain nonprofits with consistent streams of taxable, unrelated business income are also required to file quarterly estimated tax payments in addition to Form IT-20NP. Nonprofits must file estimated quarterly returns if such income exceeds $250 in any quarter or $2,500 in a taxable year. These payments can be made through INTIME or submitted via Form IT-6, the Indiana Corporation Estimated Quarterly Income Tax Return. Estimated payments are due on the 20th day of the fourth, sixth, ninth, and 12th month of the taxable year.

Understanding Sales Tax Requirements

Sales Tax Exempt Status

Certain nonprofit organizations may be eligible for a sales tax exemption on the sales they make and/or their purchases. DOR Sales Tax Bulletin #10 outlines which federally designated IRC § 501(c) organizations qualify for a sales tax exemption in Indiana.

The following nonprofits are permanently exempt and do not have to collect sales tax:

- Churches and other places of worship
- Monasteries
- Convents

- Indiana public schools
- Parochial schools regularly maintained by a religious denomination
- Youth organizations focused on agriculture
- Youth organizations listed under 36 U.S.C., Subtitle II having an educational purpose that promotes patriotism and civic involvement
- Organizations that promote youth shooting sports

Nonprofits formed to support a public library also do not have to collect and remit sales tax on their sales of used books, videos, and other items from a library's ongoing collection. However, this exemption does not apply to any other sales of tangible personal property (e.g., food and beverages, furniture, and artwork) and does not apply to nonprofits not formed to support a public library.

Qualified nonprofits in Indiana may also purchase tangible property/services without paying sales tax, if they use purchases for their nonprofit's exempt purpose. Purchases made by nonprofits that are not used for their exempt purpose are subject to sales tax.

Exemption for Sales by Nonprofit

Nonprofits must collect and remit Indiana sales tax on the sales of tangible personal property if their sales reach $100,000 or more in the current or previous calendar year. If the nonprofit reaches the $100,000 threshold, they must apply for a Registered Retail Merchant Certificate (RRMC) to collect and remit sales tax to DOR from that point on.

Nonprofit sales that are not used in carrying out a private or proprietary business may be sold exempt throughout the year; however, these sales count towards the $100,000 threshold. For example, using books or other property intended primarily to further the educational, cultural, or religious purposes of the organization, or for the improvement of the work skills or professional qualifications of the organization's members. For more information on the application of sales tax to nonprofit organizations, reference DOR Sales Tax Bulletin #10.

Registration Requirements for Non-Exempt Sales

Nonprofits will need to register for an RRMC to sell tangible goods and remit sales tax when their sales are over $100,000 in the previous or current calendar year (unless they are a permanently exempt nonprofit). A Nonprofit needs to remain registered and must collect sales tax on an ongoing basis for the remainder of the calendar year and each calendar year thereafter until the organization makes less than $100,000 in sales for two consecutive years.

The non-refundable application fee for an RRMC is $25. An RRMC is valid for two years and will be renewed automatically if the nonprofit is in good standing with DOR. Even if the nonprofit stops selling goods temporarily, it is advised to keep this certificate up to date if the organization plans to continue to sell goods in the future. If the nonprofit has outstanding liabilities, their RRMC may be revoked. If this happens, the business will not be allowed to perform retail transactions until renewed. To reestablish the RRMC, the nonprofits must pay their bill in full.

A nonprofit can register for an RRMC through the BT-1 application form on INBiz. An organization can also register with DOR for sales tax, county innkeepers' tax, and food and beverage tax on INBiz. A separate application is required for each business location.

Upon registration and for the first full year, the nonprofit will be required to file sales tax returns (Form ST-103) based on their taxable sales volume for the preceding calendar year. Sales tax returns must be filed on INTIME. Even if no tax is due for a particular period, a return must still be filed (this is sometimes called a "zero return").

Nonprofit Exempt Purchases & Exemption Certificates

Nonprofits must provide vendors with proof of their tax-exempt status to make purchases without paying sales tax. In Indiana, nonprofits should request a Nonprofit Exemption Certificate, Form NP-1, on INTIME, and submit it to the vendor. NP-1s are typically processed and approved by DOR in less than 24 hours.

Nonprofits must request an NP-1 for each individual vendor they do business with to make tax-exempt purchases. Certificates can be used for an individual purchase or as a blanket exemption, meaning that the vendor may keep the exemption certificate on file and use it to make exempt sales to the nonprofit for future purchases. The NP-1 expires after five years. New requests must be submitted on INTIME.

To simplify the process of requesting NP-1s for nonprofits who do business with many vendors, nonprofits can also bulk upload multiple files at once on INTIME. All requests made through bulk upload are usually processed and approved within 24-48 hours.

Nonprofits without internet access, who cannot use INTIME, may use Form RNP-1, to make a paper request submitted to DOR by mail, which are approved within 2-4 weeks.

Vendors may have specific guidelines to follow for accepting NP-1s, and nonprofits should be aware of a vendor's guidelines prior to a purchase. If a vendor will not accept a nonprofit's valid NP-1, the nonprofit may pay sales tax at the time of purchase, and later submit Form GA-110L, Claim for Refund, to DOR to be refunded sales tax for this purchase.

Nonprofits can use NP-1s only on qualified purchases of tangible personal property used to carry out the nonprofit purpose of the organization. Some common reasons a nonprofit purchase may not qualify for a sales tax exemption include purchases:

- Made by nonprofits organized and operated predominantly for social purposes (more information is available in the Guidance for Social Activities section).
- For the private benefit of any member of the nonprofit, such as meals and lodgings.
- Intended to be used for something other than the nonprofit's purpose.

Utility Sales Tax Exemption

A nonprofit can be exempt from paying sales tax on their utilities (gas, water, and electricity), if they are used for exempt purposes. To obtain utility the sales tax exemption, a nonprofit must file Form ST-109NP&G directly with their utility provider. If the nonprofit is located inside a multi-use building, the sales tax exemption may require a utility inspection from the utility company.

Guidance for Social Organizations

Many federally designated nonprofits under IRC § 501(c) are considered qualified nonprofit organizations in Indiana for tax exempt status. However, even if a nonprofit is exempt from income tax by the IRS, it does not mean that purchases are automatically exempt from Indiana sales tax.

One example of this kind of nonprofit is social organizations. If more than 50% of an organization's expenditure is related to social activities, DOR considers this organization to be predominantly organized and operated for social purposes, meaning it will not be exempt from Indiana sales tax on their purchases or sales. Examples of expenditures related to social activities include food and beverage services, golf courses, swimming pools, dances, parties, and other similar social activities. If a nonprofit primarily sells food and beverages outside of individual fundraising events, it is likely that it is considered a social organization in Indiana. Additionally, homeowners' associations do not qualify for sales tax exempt status under Indiana law. DOR Sales Tax Bulletin #10 provides more information on social organizations.

Event-Specific or Temporary Sales

A nonprofit that is not based in Indiana and hosts short term events, under 30 days, must file Form NP-20T to apply for a temporary sales tax exemption in Indiana. This specially issued exemption certificate will be in the form of a letter issued by DOR. If the out-of-state business prolongs their business in Indiana, past the 30-day limit, they must apply for full exempt nonprofit status by completing Form NP-20A.

Marketplace Facilitators and 3rd Party Sellers

A marketplace facilitator is a platform that acts as a marketplace for retail transactions and collects taxes for the businesses. If a nonprofit is using a marketplace facilitator for sales, the nonprofit's sales will not be tax exempt, even if the nonprofit stays under the $100,000 threshold. The facilitator is the legal retail merchant, and exempt status cannot be transferred to another retail merchant. DOR's Marketplace Facilitators page provides more information on DOR's guidance for the use of marketplace facilitators.

Charity Auctions

Charity auctions conducted by an auction company or auctioneer are exempt only if the nonprofit is the retail merchant at the auction and holds tax exempt status in Indiana. Therefore, the nonprofit must be the one collecting payment on the tangible personal property purchased by the attendees of the auction and transferring the property to the purchasers. The nonprofit organization must provide Form NP-1 to the auction company or auctioneer prior to sales. DOR Sales Tax Information Bulletin #20 provides more information on Auctions, Casual Sales, and Consignment Sales.

Out of State Transactions

Nonprofits should be aware of the remote seller laws of each state that they sell to. More information on Streamlined Sales Tax Guidance and Remote Sellers is available on DOR's website. Additionally, information on registration, collection, and remittance requirements for remote sellers and marketplace facilitators can be found in DOR Sales Tax Information Bulletin #89.

Other Taxes

Use Tax

Use tax is complementary to sales tax and is a 7% tax on personal property used, consumed, or stored in Indiana when sales tax was not collected at the time of purchase. Nonprofits must pay use tax when they would otherwise be paying sales tax. Use tax can be reported and remitted on INTIME.

- Example: A nonprofit purchases an item intended to be for their nonprofit purpose, but they end up using it in a nonexempt manner. The nonprofit would then owe use tax on the purchase price of that item.

Withholding Tax

Nonprofit organizations are required to register withholding taxes if they have employees for income distribution. Nonprofits are required to withhold state and county taxes on salaries, wages, tips, fees, bonuses, and commissions, then remit these taxes to DOR. Independent contractors are not subject to income tax withholding; nonprofits can visit the IRS website to find official guidance. If they are required to withhold federal taxes, they must also withhold Indiana state and county taxes. To register for withholding in Indiana through INBiz, the business must have a FEIN. Nonprofits will file their withholding taxes monthly or annually based on the monthly average tax withheld. The withholding tax forms to file through INTIME are Forms WH-1 and WH-3. The New & Small Business Owners Guide has more information on withholding taxes for businesses.

Food and Beverage Tax

Any transaction that would otherwise be exempt from Indiana sales tax, and used for the nonprofits exempt purpose, is exempt from any Indiana county or municipality-imposed food and beverage tax. More information about food and beverage tax, including the locations where it applies and a guide for businesses, is available on DOR's website.

Tax Liabilities

Collection

Nonprofits should file on time even if zero dollars are due to avoid estimated payments. DOR will send a series of letters to notify and demand payments from nonprofits with unpaid taxes. The first letter a nonprofit will receive after a delinquent or missed payment is a Notice of Proposed Assessment which notifies the nonprofit that they have 60 days to pay their bill, amend or protest their payment. If no action is taken, the next letter a nonprofit will receive is a Demand Notice for Payment which notifies the nonprofit they have 20 days to pay their outstanding liabilities or contact DOR. Lastly, if both periods pass without action, DOR will issue a Warrant for Collection of tax.

Audit

Nonprofits that are chosen to be audited will be contacted by a DOR auditor to schedule an appointment. The typical length of an audit is about 3-10 business days, depending on the type of information available, completeness of information and how well the records are organized. During an audit, an auditor will meet with the nonprofit and assess their findings. Nonprofits can have a POA representing them throughout the audit process. All Indiana taxpayers have the legal right to protest audits. More information on the audit process is in DOR's Audit Manual.

Record Keeping

All nonprofits must keep records of tax filing, including Indiana and federal taxes, for at least three years. Taxpayers are responsible for keeping all financial records to support their tax filing information, including NP-1s. Nonprofits should be able to provide all relevant records at DOR's request.

Closing a Nonprofit

Nonprofits can close their account with DOR through INTIME or complete Form NP-20R and indicate it will be their final NP-20R Form. **These actions only close the nonprofit account with DOR not any other state or federal agency.**

Contact DOR

Contact information is subject to change. Check DOR's Contact Information for the most up-to-date listings.

- Nonprofit Questions 317-232-3424
- Corporate Income Tax Questions 317-232-0129
- Individual Income Tax Questions 317-232-2240
- Business Tax Questions 317-232-2240
- Collection/Liability Inquiries 317-232-2240

For business or corporate tax account questions, contact DOR via INTIME to submit a question or get your issue resolved easily and efficiently.

You can respond to a letter, notice or bill on INTIME, or to send DOR a secure INTIME message, log in, go to the "All Actions" tab and select the "Messages" section.

Make an appointment to visit one of our district offices or call us at any of the phone numbers listed on the page. Our office hours are Monday through Friday, 8 a.m. to 4:30 p.m. ET. Be aware, some offices are appointment-only or have different office hours. The District Office page of our website lists the most up-to-date hours of operation for each office.

District Office Locations

- Bloomington
- Clarksville
- Columbus
- Evansville
- Fort Wayne
- Indianapolis
- Kokomo
- Lafayette
- Merrillville
- Muncie
- South Bend
- Terre Haute

News & Resources

DOR's Nonprofit Homepage

Visit DOR's Nonprofit page to access nonprofit forms and information.

Federal Resources

- IRS Small Business and Self-Employed Tax Center
- IRS Small Businesses Virtual Workshop
- Other State Government Websites

Small Businesses

Indiana Small Business Organizations and Resources

- Indiana Small Business Development Center
- Small Business Administration
- Indiana SCORE
- DOR: New & Small Business Handbook

Employer Resources & Requirements

- Apply for a FEIN and comply with all federal regulations, visit the IRS Employer Tax Guide
- Register for state unemployment insurance and report wages, visit the DWD Employer Handbook
- Report newly hired and rehired employees, visit the New Hire Registry
- Learn about employee wage, hour and occupational safety requirements, visit the DOL website

Tax Library

Access Information Bulletins relating to income and sales tax, Departmental Notices and more by Visiting DOR's Tax Library. Tax Information Bulletins that may be relevant to nonprofits include:

- Sales Tax Bulletin #10 Application of Sales Tax to Nonprofit Organizations
- Income Tax Bulletin #17 Taxation and Filing Requirements of Nonprofit Organizations
- Sales Tax Bulletin #20 Auctions, Casual Sales, and Consignment Sales
- Sales Tax Bulletin #89 Registration, Collection, and Remittance Requirements for Remote Sellers and Marketplace Facilitators

Tax Bulletin

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