

This memorandum supercedes TSB-M-86(11)S dated August 26, 1986, which should be destroyed.

TAXABLE STATUS OF PROPERTY DONATED TO  
EXEMPT ORGANIZATIONS  
CHAPTER 442, LAWS OF 1986

Chapter 442 of the Laws of 1986, effective September 1, 1986, provides an amendment to section 1118 of the Tax Law by adding a new subdivision (11). Subdivision (11) provides that tangible personal property donated to an exempt organization described in section 1116(a) of Article 28 is exempt from compensating use tax.

The following are examples of when tangible personal property is exempt from use tax upon donation to an entity or organization certified exempt by the Department of Taxation and Finance, pursuant to section 1116(a) of the Tax Law.

- (1) Tangible personal property which is manufactured, processed or assembled in New York State to be offered for sale, and withdrawn from inventory and donated to an exempt organization specified above.
- (2) Tangible personal property which is purchased for resale, and withdrawn from inventory and donated to an exempt organization specified above.
- (3) Tangible personal property which is purchased outside New York State, brought into the State, and donated to an exempt organization specified above.

Note:

Section 1116(a) exempt organizations are:

1. New York State, its agencies, instrumentalities, public corporations and political subdivisions.
2. United States of America, agencies and instrumentalities thereof.
3. United Nations or other international organizations of which the United States of America is a member.

4. Religious, charitable, scientific, testing for public safety, literary or educational organizations, organizations which foster national or international amateur sports competition, and organizations for the prevention of cruelty to children or animals.
5. Posts and organizations consisting of past or present members of the Armed Forces of the United States.
6. Certain Indian Nations or Tribes.
7. Not-for-profit corporations acting as health maintenance organizations subject to the provisions of article forty-four of the Public Health Law.
8. Rural electric cooperatives.