

February 3, 2017

TO: Michigan 4-H staff members, volunteers and club treasurers

FROM: Laurie Rivetto and Sienna Suszek, Michigan 4-H educators

RE: Michigan 4-H Financial Manuals

Dear Michigan 4-H staff member, volunteer, or treasurer:

Thank you for downloading or purchasing a copy of the Michigan 4-H Financial Manuals. We hope you will find they are a useful resource for you in your 4-H role.

After the manuals were printed and complete, there were two clarifications put forth regarding content contained in the documents. As a result, there are two necessary corrections to the 4-H Financial Manuals for Staff, Volunteers and Treasurers:

**1. Sales tax is not collected on unprepared foods.**

Prepared food is considered taxable. Vegetables, eggs, milk, meat and poultry that is only cut, repackaged or pasteurized by the seller is not considered prepared food and therefore is not taxable. Sales of food considered grocery items for home consumption (such as pies or pasties created in a licensed kitchen) are considered tax-exempt.

This information is found on the following pages/sections:

- Page 29 in the 4-H Financial Manual for Volunteers
- Page 30 in the 4-H Financial Manual for Treasurers

In the instructions chart, under the report line "Taxable sales income", the third bullet says "When a 4-H group auctions (in both live and silent auctions) items other than animals (such as gift baskets, pies, a gallon of milk, eggs, flowers, maple syrup, a fishing trip, etc.), the income the group earns is taxable." **Instead**, it should read "When a 4-H group auctions (in both live and silent auctions) items other than animals (such as gift baskets, flowers, a fishing trip, etc.), the income the group earns is taxable."

**Please cross out the food items in the list** (pies, a gallon of milk, eggs and maple syrup) in your manuals.

**2. Commission from livestock auctions is NOT taxable.**

When a 4-H group holds a livestock auction or animal sale, sales tax does not need to be collected and remitted if the purpose of the sale is for agricultural purposes (i.e. breeding, meat or milk production, etc.). This would include any commission



**MSU EXTENSION**

Justin S. Morrill Hall of  
Agriculture  
446 W. Circle Drive  
Room 108  
East Lansing, MI 48824

(517) 355-2308  
msue.msu.edu

the 4-H group receives as a portion of the sale. Any re-sale of the animal would be non-taxable as well, as long as the agricultural purpose was established.

This information is found on the following pages/sections:

- Page 26 of the 4-H Financial Manual for Staff, fourth row in the chart
- Page 25 of the 4-H Financial Manual for Volunteers, third row in the chart
- Page 29 of the 4-H Financial Manual for Volunteers, first bullet in Part Two, "Taxable Sales Income"
- Page 24, of the 4-H Financial Manual for Treasurers, fourth row in the chart
- Page 30 of the 4-H Financial Manual for Treasurers, first bullet in Part Two, "Taxable Sales Income"

**Please cross off the lines that state that commission from a livestock or animal auction sale is taxable.**

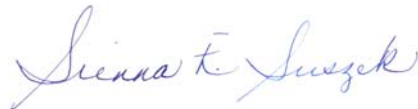
Thank you for taking time to make these corrections. It is important to provide the most accurate information possible as you serve in your very crucial roles.

Please also print out this letter and place it in your copy of the manuals so you have the accurate information in an easy to find location.

Sincerely,



Laurie Rivetto  
Educator, 4-H Youth Development  
Michigan State University Extension



Sienna Suszek  
Educator, 4-H Youth Development  
Michigan State University Extension