§ 48.4041–17 Tax-free retail sales to certain nonprofit educational organizations.

(a) In general. The taxes imposed by section 4041 do not apply in the case of a sale of any liquid by any person to a nonprofit educational organization (as defined in paragraph (b) of this section) for its exclusive use, or in the case of the use of any liquid by such an organization. In the case of a school operated as an activity of an organization described in section 501(c)(3), as referred to in paragraph (b) of this section, the liquid must be sold for the exclusive use of the school, or the liquid must be used exclusively by the school.

(b) Definition of nonprofit educational organization. For purposes of section 4041(g)(4) and this section, the term “nonprofit educational organization”