**Opinion Letter**

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| **Letter Number:** | **O-2001-008** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Cub scout troop sponsored by a church.** |
| **Keywords:** |  |
| **Approval Date:** | **02/02/2001** |

**Body:**

Office of Policy & Research

February 2, 2001

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RE: Your e-mail of January 30, 2001

Dear XXXX:

Thank you for your e-mail request that we received earlier this week. In it, you ask if your church is allowed to provide its “tax exemption number” to a cub scout troop that the church sponsors Your question reflects several misconceptions about Kansas sales tax law and how it applies to churches and scout troops.

The exemption for religious organizations is found at K.S.A. 79-3606(aaa). The basic provisions of this subsection exempt:

(aaa) all sales of tangible personal property and services purchased by a religious organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and used exclusively for religious purposes. . . .

The remainder of the subsection is quite lengthy and establishes a procedure under which religious organizations can secure a project exemption certificate. Project exemption certificates are secured from the Department of Revenue. Such certificates allow contractors who work for the project exemption certificate holder to buy building materials tax exempt for qualifying construction projects. These provisions, while important for church building projects, are not relevant to this discussion.

When K.S.A. 79-3606(aaa) was first enacted, the department issued a notice that was intended to instruct religious organizations about how the exemption applied and about how to go about claiming exemption. This notice was later updated and can be found on our web site as Notice 99-14. (Copy enclosed). As the notice explains, religious organizations are not issued exemption numbers. To claim exemption, the religious organization simply needs to complete an exemption certificate and provide a copy of the completed certificate to each of its retailers. The retailer is required to maintain the exemption certificate as part of its records. I have enclosed a copy of an ST-28O (Rev. 3/00), a Religious Organization Exemption Certificate, that your church can reproduce and provide to retailers as needed. A certificate does not need to be provided for each purchase. It may be honored for successive purchases. Please note that payment must be made by the church on its account. Members may not claim exemption if they buy something using their own check or money even if they will be reimbursed later by the church.

The number that you refer to in your letter is apparently a sales tax registration number. The department has issued a number to your church so that it can collect and remit sales taxes when it makes taxable sales. This is explained in Section VI of the notice. Please note that it is unlawful for entities that have not been issued a number to use a number assigned to another entity.

Cub scout troops are exempted from paying sales tax since they qualify as a nonsectarian comprehensive multidiscipline youth development program or activity. Notice 19-1998-2 (copy enclosed) explains how this exemption applies to boy scout and cub scout troops. As is the case with churches, the department does not issue exemption numbers to scout organizations. Instead, they are required to complete an exemption form and present it to their vendors. I have enclosed a ST-28I form, a Nonprofit Youth Development Organization Exemption Certificate, that the troop can use for that purpose. Please note that like churches, if one of these organizations engages in making retail sales as fundraisers, it must register as a retailer and collect and report sales tax on the retail sales they make.

I hope that my letter and the enclosed materials answer all of your questions. If not, please visit our internet policy information library at our web site at www.ink.org/public/kdor/, or call me at (785) 296-3081.

Sincerely,

Thomas E. Hatten
Attorney/Policy & Research

Enclosures

**Date Composed: 02/14/2001 Date Modified: 10/10/2001**