

Notice

Notice Number: Organizations and Associations
Tax Type: Kansas Retailers' Sales Tax
Brief Description: Retail Purchases and Sales by Organizations and Associations
Keywords:

Body:

**REVENUE NOTICE
SALES TAX
RETAIL PURCHASES AND SALES BY
ORGANIZATIONS AND ASSOCIATIONS**

Under the Sales Tax Act, all retail purchase of tangible personal property and those services enumerated within the act are subject to sales tax, unless the transaction is specifically stated by the act as an exempt transaction. The Sales Tax Act does exempt from sales tax certain direct purchase of tangible personal property and services made by specified organizations and associations. Unless an organization or association is specifically exempt from sales tax under the Sales Tax Act, that organization or association shall pay sales or compensating tax on all retail purchases of tangible personal property and taxable services purchased for its use or consumption and not for resale. Notably, there is no general exemption for public or private nonprofit organizations, associations or corporations.

Organizations or associations, whether organized for profit or not-for-profit, who regularly engage in the business of selling tangible personal property at retail or furnishing services or entertainment, and selling only to the user or consumer, and not for resale, or "retailers" as defined in K.S.A. 79-3602(d). Therefore, such retailers shall collect and remit sales tax on the total gross receipts received from all retail sales of tangible personal property, taxable services or entertainment. Examples of tangible personal property which would be taxable when sold by an organization or association are: calendars, general office supplies, ledger books, daily planners, tapes or films. Books, items containing the logo of the organization or association (pins, tie tacks, bumper stickers, books, etc.) This is not a complete or exclusive list, but is illustrative of tangible personal property which is subject to sales tax when sold to the ultimate user or consumer by an organization or association.

The limited scope of retail sales (e.g. limiting sales to members only) is immaterial, and organizations and associations making such sales are retailers. The principal line of business, activity, intention or function of the organization or association is not determinative of whether a person is a retailer. In addition, the ultimate use of the funds (i.e. for charitable or benevolent purposes) is not determinative of whether the gross receipts received from the retail sales of tangible personal property or services are subject to sales tax. Finally, whether a profit or gain from the sale of the tangible personal property, taxable services or entertainment is realized by the organization or association or not, all retail sales as described herein are subject to sales tax.

Should you have any questions concerning this notice, please write the Kansas Department of Revenue, Sales and Excise Tax Bureau, Robert B. Docking State Office Building, Topeka, Kansas 66625-0001, or call (913) 296-2461.

September, 1987

Date Composed: 10/07/1997 Date Modified: 10/10/2001

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