**Private Letter Ruling**

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| **Ruling Number:** | **P-2001-088** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Gross receipts from fund raising activities.** |
| **Keywords:** |  |
| **Approval Date:** | **08/17/2001** |

**Body:**

Office of Policy & Research

August 17, 2001

XXXXXXXXXXXXX
XXXXXXXXXXXXXX
XXXXXXXXXXXXXXX

Dear XXXXXXXXXX

The purpose of this letter is to respond to your letter dated July 23, 2001. In it, you ask if your client is required to collect and remit Kansas retailers’ sale or compensating taxes on the gross receipts from various fund raising activities.

In your letter you stated:

As evidenced by the enclosed power of attorney, our office represents the above-referenced taxpayer, a non-profit religious organization (the "Church"), with respect to its tax matters. In connection with this representation, and pursuant to K.A.R. § 92-19-59, we hereby request a private letter ruling on a sales tax issue relating to the Church. The facts and issues on which we base this request are set forth immediately below.

FACTS

As indicated above, the Church is a church organized under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Church currently sponsors two fund-raising events throughout the year - a XXXX and a XXXXX. The Church sells tickets to these functions for a set amount both in advance of the event and at the door. The purchase of a ticket entitles the holder to a dinner at the function by either dining at the Church or picking up the meal and taking it elsewhere to eat. The Church is considering sponsoring a golf tournament as a third fund-raising function. Participants would be required to pay an entry fee which would entitle them to compete in the tournament and would entitle them to receive other amenities such as a golf cart, a bucket of balls, etc. The fair market value of the items and services provided, however, will be less than the amount of the entry fee. For example, the Church may charge an entry fee of $500.00 when the eighteen (I8) rounds of golf, golf balls, golf cart, etc. had only a fair market value of $ 100.00.

Your letter continues with a series of questions:

The issues on which the Church requests a private letter ruling are as follows:

1. Does K.A.R. § 92-19-67 entitle the Church to one "tax-free" fund-raising event per year?

Answer: Yes, religious organizations are allowed one fund raising event per year for which no tax is due.

2. If the Church is entitled to one "tax-free" fund-raising event per year, is it entitled to choose which fund raising event will be the "tax-free" event?

Answer: Yes.

3. With respect to the golf tournament, is the Church required to collect sales tax on the portion of the entry fee which exceeds the fair market value of the services or would such amount be considered a charitable contribution which would be exempt from sales tax?

Answer: The sales tax is based on the gross receipt of the seller [retailer] with no reductions for a charitable contribution.

This private letter ruling is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to make an accurate determination by the department, this ruling is null and void. This private letter ruling will be revoked in the future by operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or a published revenue ruling, that materially affects this private letter ruling.

Sincerely,

Mark D. Ciardullo
Tax Specialist

MDC

**Date Composed: 08/17/2001 Date Modified: 10/11/2001**