**Private Letter Ruling**

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| **Ruling Number:** | **P-2003-058** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Exemption for religious organizations.** |
| **Keywords:** |  |
| **Approval Date:** | **12/11/2003** |

**Body:**

Office of Policy & Research  
  
  
December 11, 2003

XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
  
Re: Kansas Sales Tax  
  
Dear XXXXX:  
  
Your correspondence of July 1, 2003 has been referred to me for response. Thank you for your inquiry, and please accept my apologies for the inordinately long delay in responding.  
  
Your letter notes the XXXXX XXXX XXXX XXXX XXXX is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code. The purpose of the fund is to:

. . . support and advance the religious, charitable, scientific and educational ministries of the XXXX XXXX XXXX XXXX of the XXXX XXXXX XXXX, or any successor annual conference thereto, in furtherance of the health care mission and ministry of said annual conference . . .

Your letter goes on to note that during the normal course of business, the XXXX pays sales tax on various services, supplies and equipment.  
  
Following your letter of July 1st you provided additional information, both by phone and by letter of September 17th, in order to further explain your position. This information was very helpful and much appreciated.  
  
The question you present is whether the XXXX qualifies for exemption from Kansas sales tax pursuant to K.S.A. 79-3606.  
  
The exemption for religious organizations is found in K.S.A. 79-3603(aaa). The statute provides, in pertinent part, for the exemption from sales tax of:

(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 term “religious organization” is not defined in the statute. Department of Revenue has, however, defined the term in Notice 99-14, a copy of which is enclosed for your convenience. In Part I the Notice provides that:

(a) For purposes of the Kansas retailers’ sales tax act, “religious organization” shall mean any organization, church, body of communicants, or other groups that gathers in common membership for mutual support and edification, in piety, worship, and religious observance, at an established place of worship which the organization maintains for the purpose of conducting regularly scheduled religious services or meetings, and of which no part of the net earnings of such organization inures to the benefit of any private shareholder or individual member.

The Notice goes on to establish qualifications for “an organization that are composed of religious organizations”, and “certain auxiliary organizations”.  
  
The phrase “used exclusively for religious purposes” is also defined in the Notice. Part II provides that tangible personal property and services are used exclusively for religious purposes if they are:  
  
· Used exclusively in, or to facilitate, religious worship services by a congregation or church membership while meeting together at a single location;  
· Used exclusively in, or to facilitate, religious ceremonies;  
· Used exclusively in, or to facilitate, carrying out the religious work of the organization;  
· Used to construct, furnish, equip, remodel, or maintain a facility used exclusively for religious objectives . . . .  
· Used exclusively to administer, manage, or operate religious facilities or to administer religious activities.  
  
Article IV of the Articles of Incorporation you submitted states, in part, that the objects and purposes of the corporation are:

1) To support and advance the religious, charitable, scientific and educational ministries of XXXX XXXX XXXX XXXX XXXX of the XXXX XXXXX XXXX, or any successor annual conference thereto, in furtherance of the health care mission and ministry of said annual conference . . . .  
  
2) The XXXX XXXX XXXX XXXX XXXX exists to further the health care mission and ministry of the XXXX XXXX XXXX XXXX of the XXXX XXXXX XXXX. As an expression of the Body of Christ, the XXXX XXXX XXXX XXXX XXXX will provide resources for educational, experimental, administrative and direct services to the end that health, healing and wholeness be advanced for persons within and beyond the bounds of the XXXX XXXX XXXX XXXX, or any successor annual conference.

As you know, your request was reviewed at several levels within the Department of Revenue. After carefully considering the information you presented, we have determined the XXXX XXXX XXXX XXXX XXXX is not a religious organization as contemplated by K.S.A. 79-3606(aaa), and that its purchases will not be used exclusively for a religious purpose. Therefore, the XXXX XXXX XXXX XXXX XXXX will not qualify for exemption from sales tax under K.S.A. 79-3606(aaa).  
  
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.  
  
I trust this information is of assistance. If I can be of further service, please feel free to contact me.  
  
Sincerely,  
  
  
  
Jim Weisgerber  
Attorney  
Tax Specialist  
  
JW:jw  
  
Enclosure: Notice 99-14  
  
  
**Date Composed: 12/12/2003 Date Modified: 12/12/2003**