**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-90** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **What constitutes exclusive use for religious purposes?** |
| **Keywords:** |  |
| **Approval Date:** | **03/19/1999** |

**Body:**

Office of Policy & Research

March 19, 1999

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Dear Ms. TTTTTTTTTT:

We wish to acknowledge receipt of your letter dated March 11, 1999, regarding the application of Kansas Retailers’ Sales tax.

K.S.A. 79-3606(aaa) exempts from sales tax: “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.”

In your letter you have raised the question: “What constitutes exclusive use for religious purposes?”

A) Tangible personal property and services that are considered to be used exclusively for religious purposes, but are not limited to, personal property and services:

1) used exclusively in, or to facilitate, religious worship services by a congregation or church membership while meeting together at a single location.
2) used exclusively in, or to facilitate, religious ceremonies.
3) used exclusively in, or to facilitate, carrying out the religious work of the organization.
4) used to construct, furnish, equip, remodel, or maintain a facility used exclusively for religious objectives including, but not limited to, a church, church grounds, a church administration building, a church camp, a parsonage, rectory, or convent. Such property must be purchased directly by the religious organization and not through a contractor.
5) used exclusively to administer, manage, or operate religious facilities or to administer religious activities.

B) Tangible personal property and services will be considered to be “used exclusively” for a religious purpose as long as any other use of the item or service is minimal in scope, insubstantial in nature, and incidental to the exempt purpose.

C) Tangible personal property or services that are not exempt include:

1) personal property and services that are purchased by a religious organization for use in undertaking business activities, even though the profits from such enterprises may be used exclusively for religious purposes.
2) personal property and services, such as food clothing, personal items, meals, drinks, motor vehicles, admission charges, and membership dues, that are for the personal use of ministers, priests, and other employees, rather than a use that is exclusively for a religious purpose.

Sales of utility services are not exempt for use in an employees residence including a parish, rectory, convent, parsonage, or minister’s house. This rule applies even if the utility services are paid for on a church check or voucher.

If the utility is purchased exclusively for religious purposes, you will not need to fill out worksheets to determine how much of the utilities qualify for exemption. However, on the other hand, if the utility is purchased for both a taxable and a non-taxable use, then a determination would need to be made as to how much of the purchase is exempt from sales tax. You should supply your utility company with a copy of the exemption certificate (BT/st-28B).

For your convenience, I have enclosed a copy of Revenue Notice 98-05, “Sales Taxation of Purchases by Religious organizations”. Additionally, I have enclosed a Question and Answer format which covers questions that are commonly asked by religious organizations

The enclosed letter was sent to the TTTTT County Appraiser’s Office on your behalf.

This is a private letter ruling pursuant to K.A.R. 92-19-59. It is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to an accurate determination by the department, this ruling is null and void. This ruling will be revoked in the future by the operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or published revenue ruling, that materially affects this private letter ruling. If I may be of further assistance, please contact me at your earliest convenience at (785) 296-7776.

Sincerely yours,

Thomas P. Browne, Jr.
Tax Specialist

TPB

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**Date Composed: 04/02/1999 Date Modified: 10/11/2001**