**Private Letter Ruling**

|  |  |
| --- | --- |
| **Ruling Number:** | **P-1999-148** |

|  |  |
| --- | --- |
| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Religious organization definition as it applies to charitable organizations.** |
| **Keywords:** |  |
| **Approval Date:** | **07/02/1999** |

**Body:**

Office of Policy and Research  
  
  
July 2, 1999

XXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXX  
  
  
  
Dear XXXXXXXXXXXX:  
  
I have been asked to respond to your letter dated February 15, 1998. In it, you ask if your organization qualifies as a religious organization for purposes of Kansas sales tax.  
  
In your letter you stated:

I am requesting a private letter ruling regarding sale and use tax exemption status in the state of Kansas XXXXXXXX. XXXXXXX is a 501(c)(3) non-for-profit corporation with locations in XXXXXXX and Kansas. A copy of our determination letter from the Internal Revenue Service is enclosed for your information. We are a XXXXXXXX which has been in existence since XXXXXXX providing services to the XXXXXXXXXXX area. The major services we provide are counseling services XXXXXXXXXXXXXXXXXXX.  
  
We have sales and use tax exemption status in XXX as evidenced by the enclosed copy of our exemption letter XXX and request that the state of Kansas allow XXXX the same sales and use tax exemption status in Kansas for the purchase of supplies services used by our agency.

Kansas sales tax law exempts “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. . .” K.S.A. 79-3606(aaa).  
  
For purposes of the Kansas retailers’ sales tax act, the term “religious organization” means any organization, church, body of communicants, or other group 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. *Notice 98-05; See K.S.A. 79-4701(e); K.S.A. 8-1730a.* An organization that is composed of religious organizations may derive exemption from its members if all of its members are themselves exempt religious organizations and the derivative organization is organized and operated exclusively to assist its member organizations in carrying out their religious purpose. Such an organization must itself be exempt from tax under I.R.C. §501(c)(3). *Notice 98-05; See Trustees of The United Methodist Church v. Cogswell, 205 Kan. 847 (1970).*  
  
Charitable organizations that are composed of churches, businesses, and lay persons are separately incorporated organizations that are not composed exclusively of churches or other religious organizations, but include lay people and businesses. Therefore, these groups do not qualify as a religious organization for purposes of the exemption extended at K.S.A. 1998 Supp.79-3606(aaa).  
  
It is the opinion of the Kansas Department of Revenue that your organization does not meet the necessary criteria to be a religious organization exempt pursuant to K.S.A. 79-3606(aaa).  
  
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.  
  
Sincerely,  
  
  
Mark D. Ciardullo  
Tax Specialist  
  
  
MDC  
  
  
**Date Composed: 07/09/1999 Date Modified: 10/11/2001**