

## Sales Tax Policy Addendum

### Sales Tax Questions concerning parishes and schools:

- Question: What type of events applies to paying sales tax on Fundraising in a parish without a school?  
Answer: All Fundraising events made by a 501 (c) (3) organization are only exempt for the first \$1,000 in gross sales; once the entity exceeds the \$1,000 threshold they must begin to collect Kentucky sales tax.
- Question: What type of events applies to paying sales tax on Fundraising in a parish that supports a school?  
Answer: All fundraising sales by a school would be exempt from Kentucky sales tax, provided the proceeds from the sales are used for the benefit of the students.
- Question: In the past several years there have been mergers of parish schools into Regional Schools. These Regional Schools are sponsored by parishes that merged their schools into the Regional Schools. So in these situations would the proceeds from fundraisers at these parishes that do not have a school on site but sponsor these Regional Schools be exempt from sales tax when they have fundraisers to benefit the Regional School?  
Answer: No, these sales are not made by the school but by the non-profit organization. The tax would be due once the gross sales exceed the \$1,000 threshold in any given year, pursuant to KRS 139.496.
- Question: Are the gross proceeds of charitable gaming events that are games of skill and not gaming, such as corn-hole booths at picnics, subject to sales tax?  
Answer: No, charges to play games would not be subject to sales tax.
- Question: Are the dinners and fish fries at parishes without schools subject to sales tax?  
Answer: Yes, this would be the sale of prepared food and the sales tax would be due once the gross sales exceed the \$1,000 threshold in any given year, pursuant to KRS 139.496.
- Question: Are concessions at athletic events at parishes without schools subject to sales tax?  
Answer: Yes, this would be the sale of prepared food and the sales tax would be due once the gross sales exceed the \$1,000 threshold in any given year, pursuant to KRS 139.496.
- Question: Are concessions at athletic events at parishes with schools subject to sales tax?  
Answer: If the sale is made by the school-sponsored organization for support of the school, the sales tax does not apply pursuant to KRS 139.495 (4).
- Question: When a parish receives booth rental income for events such as a Christmas Bazaar is the income subject to tax?  
Answer: No, booth rental is not subject to Kentucky sales tax.

- Question: Is recycling income from cell phones and aluminum cans subject to sales tax?  
 Answer: No, if you are selling cell phones and aluminum cans to a recycler, the income from these sales would not be subject to Kentucky sales tax.
- Question: If an event is subject to sales tax, is this gross income or net income?  
 Answer: Sales tax would be charged on the gross receipts.
- Question: Is the \$1,000 exemption per fundraising event or \$1,000 per year for combined events?  
 Answer: The \$1,000 exemption is per calendar year per entity.
- Question: If a parish with a school has a dinner and/or fish fry run by the PTO for the benefit of the school is this event subject to sales tax?  
 Answer: If the sale is made by the school-sponsored organization for support of the school, the sales tax does not apply pursuant to KRS 139.495 (4).
- Question: May a parish without a school allow a neighboring school organization use its facilities to run the concession stand with all the proceeds going to the support of the school without sales tax being owed? In other words, does each school's fundraiser have to take place on their own school property?  
 Answer: If the sale is made by the school-sponsored organization for support of the school, the sales tax does not apply pursuant to KRS 139.495 (4). As long as the receipts are collected by the neighboring school and not by the parish without the school, they would still be exempt.
- Question: Are the fees collected from ministry and instructional workshops subject to sales tax?  
 Answer: No, they are not considered taxable if the primary intent of the program is for education rather than entertainment.