

SALES TAX

Fundraising sales and event proceeds by parish elementary schools or parish elementary school-sponsored clubs and organizations for the **exclusive support of the school** are exempt from paying sales tax, pursuant to KRS 139.497.

Fundraising sales and events by a parish or parish organization (this includes parishes that support a Regional School) would be subject to sales tax once the gross sales from these events collectively exceed the \$1,000 threshold in any given calendar year, pursuant to KRS 139.496.

The \$1,000 exemption does not apply to activities where nonprofit organizations conduct regular selling activities in competition with private business (Thrift Stores), pursuant to KRS 139.496. The Thrift Store would be required to pay sales tax on gross sales.

The following are examples of fundraising events that would require paying sales tax to the State of Kentucky if 100% of the event proceeds do not flow through the school cash account and go to exclusively support the school:

- Dinners such as fish fries, chicken dinners, turkey suppers
- Concessions at athletic events

The following are examples of fundraising events that would not require paying sales tax to the State of Kentucky if 100% of the event proceeds do flow through the school cash account and go to exclusively support the school:

- Concessions at a parish that does not have a school, but a school uses the concession stand for support to the school (proceeds have to be deposited into the school account and not into the parish account where the concessions are located)
- Concessions and gate fees for school athletic events
- Gift wrapping, candle, poinsettia, etc. sales
- Chili Suppers
- PTO sponsored events

The following do not require sales tax to be paid by either a parish or a parish with an elementary school:

- Fees received for educational, ministerial events and presentations
- Admission fees for parish or school events, including athletic events
- Games of skill
- Recycling income such as cell phones, aluminum cans
- Booth rental for events such as a Christmas Bazaar held at the parish

Important

The fundraising proceeds must be deposited into the school cash account and used exclusively for the school for the event to be excluded from paying sales tax. A parish cannot collect the proceeds and then give it to the school; the parish would still be required to pay sales tax on the gross sales of the event.

Frequently asked questions can be located on the Archdiocese website under Appendix – Accounting Sample Forms/Reports.

To obtain a sales and use tax permit contact the Division of Sales and Use Tax at (502) 564-5170 or email krc.webresponsesalestax@ky.gov Please refer to Kentucky Department of Revenue Sales and Use Tax, <http://revenue.ky.gov/business/salesanduse.htm> for more information. Additional information 103 KAR 28:010.