

## 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 if funds are deposited in a separate school fundraising checking account.

Effective March 26, 2019, fundraising sales and events by a parish or parish organization (this includes parishes that support a Regional School) previously subject to sales tax became exempt from sales tax pursuant to KRS 139.496. With the law change, admission fees also became exempt from sales tax.

The exemption does not apply to activities where nonprofit organizations conduct regular selling activities in competition with private business (Thrift Stores, Retail Alcohol, etc.), pursuant to KRS 139.496. The Thrift Store would be required to pay sales tax on gross sales. Retail sales of alcohol at any parish event, including fundraising events, are also subject to sales tax.

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 separate school checking 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

### **Important**

The fundraising proceeds must be deposited into a separate school fundraising checking 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 by email at <https://revenue.ky.gov/Get-Help/Pages/Contact-Us.aspx?subject=Sales%20Tax>. Please refer to *Kentucky Department of Revenue Sales and Use Tax*, <https://revenue.ky.gov/Business/Sales-Use-Tax/Pages/default.aspx> for more information. Additional information 103 KAR 28:010.**