

## Sales Tax

### Purchasing from vendors

Parishes and schools in the Diocese of Owensboro are religious corporations and therefore are exempt from paying sales tax on purchases in the state of Kentucky. Parishes and schools should provide vendors with their sales tax exemption number prior to making purchases and should be alert to sales tax charges.

### Sales tax from fundraisers, rental and concessions

Information and consideration regarding sales tax to be collected at parishes and schools is as follows:

#### State Sales Tax Regulations:

- All Fundraising dollars raised 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 and pay Kentucky sales tax if more than 2 fundraising events are held.
- An application (Form 10A100) may be obtained by mail, or from the DOR's website at <http://revenue.ky.gov/business/register>. Applications must be signed, dated and mailed to the address on the bottom of the application. Applications may also be taken to a DOR Taxpayer Service Center for immediate processing.
- The gross receipts of an event are subject to sales tax.
- You can have (2) two fund raising events in a twelve month period and you do not have to collect sales tax for those events, even if the \$1,000 threshold is reached. This is called an occasional sale.
- However if you do have (3) three fund raising events in a twelve month period you will have to collect sales tax. The first \$1,000 of each calendar year is exempt from sales tax.
- The Kentucky sales tax \$1,000 exemption is per calendar year per entity.

#### Parishes:

- Gross proceeds of charitable gaming events that are games of skill and not chance, such as corn-hole booths at picnics, are not subject to sales tax.
- Sales tax would be due once the gross sales of prepared food such as dinners and fish fries exceed the \$1,000 threshold in any given year, pursuant to KRS 139.496, if more than 2 fundraising events are held.

- Concessions at athletic events at parishes without schools are subject to sales tax since it is considered prepared food. Sales tax would be due once the gross sales exceed the \$1,000 threshold in any given year, pursuant to KRS 139.496, if more than 2 fundraising events are held.
- When a parish receives booth rental income for events such as a Christmas Bazaar this income is not subject to Kentucky sales tax.

Schools:

- 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.
- Concessions at athletic events at parishes with schools are not subject to sales tax if the sale is made by the school-sponsored organization for support of the school. Sales tax does not apply pursuant to KRS 139.495 (4).
- If a parish with a school has a dinner and/or fish fry run by the PTO for the benefit of the school and the sales made by the school-sponsored organization for support of the school, the sales tax does not apply pursuant to KRS 139.495 (4).