**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-131** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Definition of a religious organization.** |
| **Keywords:** |  |
| **Approval Date:** | **09/14/1998** |

**Body:**

Office of Policy & Research

September 14, 1998

XXXX
XXXX
XXXX

RE: Your letter of September 3, 1998

Dear XXXX:

I have been asked to respond to your letter of September 3, 1998. Your letter includes a copy of a recognition of exemption letter that was issued by the IRS to XXXX and a copy of the organization’s by-laws. You ask whether XXXX qualifies as a “religious organization” for purposes of the sales tax exemption extended by 1998 Senate Bill 493. This 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.

The Department of Revenue issued Notice 98-05 to explain the implementation of the new law. It provides:

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). *See Trustees of The United Methodist Church v. Cogswell, 205 Kan. 847 (1970).*

The discussion is intended to recognizes that the exemption extends to “associations of churches” as mentioned in I.R.S. Publication 557. The IRS letter establishes that XXXX is such an organization.

Accordingly, XXXX qualifies for exemption as a religious organization under 1998 SB 493 and is exempt from paying sales tax on purchases that are “used exclusively for religious purposes. These exempt uses are fairly broad and are discussed in Paragraph III of Notice 98-05.

This is a private letter ruling pursuant to K.A.R. 92-19-59. It is based solely on the facts provided with 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 by operation of law without further department action if there is a change in the controlling statutes, administrative regulations, revenue rulings or case law that materially effects this determination. Please call me if you have any additional questions.

Sincerely,

Thomas E. Hatten

Attorney/Policy & Research

**Date Composed: 09/29/1998 Date Modified: 10/10/2001**