

### **Lions Clubs have a new sales tax exemption.**

The 2007 legislature passed a sales tax exemption for the International Lion's Club organization. The organization is exempt in K.S.A 79-3606 (vv) which states:

“all sales of tangible personal property purchased by any of the following organizations which are exempt from federal income taxation pursuant to section 501 (c ) (3) of the federal internal revenue code of 1986, and all sales of any such property by or on behalf of any such organization for any such purpose:

(19) the International Association of Lions Clubs for the purpose of creating and fostering a spirit of understanding among all people for humanitarian needs by providing voluntary services through community involvement and international cooperation;”

The legislation allows purchases of tangible personal property to be exempt from sales tax. Purchases of services would continue to be taxable. Additionally, sales made by or on behalf of the clubs would be exempt from tax. Indirect purchases, such as materials purchased by a contractor, continue to be subject to tax. To purchase tax exempt, the purchase must be paid for by the Lions Club on the Club's check or credit card, or invoiced to the Lions Club. Personal checks and cash can not be used to purchase tax exempt.

To purchase tax exempt, you must present to the retailer a completed Tax Entity Exemption Certificate as issued by the Department of Revenue. The certificate contains the club's name, address, and Kansas sales tax exemption number. When making a purchase, you would complete the name of the retailer, what is being purchased, and sign the certificate. The certificate can be signed by anyone having purchasing authority.

Suggestions:

- 1) Make several copies of your tax exemption certificate to have it available when needed.
- 2) Save the certificate to your PC desktop. Then it's easily available to print when needed.

Transactions occurring July 1 and after are exempt. For example, if your club has a fireworks stand, and the fireworks purchases were made before July 1, then you must pay sales tax. If sales are made before July 1, then you must collect sales tax. However, if purchases or sales are made on July 1 or after, then your Club does not pay or collect sales tax.

Exception: Sales tax on services is not exempt; e.g., purchase of service for your club building's air conditioner is taxable. Lions Clubs will typically have few taxable "services".

Please call Lion Linda McCormick, our state secretary, if you need additional assistance, 316.773.2100 or e-mail at [KansasLions@aol.com](mailto:KansasLions@aol.com).

## KANSAS LIONS CLUBS Sales Tax Exemption Certificates

To obtain an exemption certificate, your club should apply on-line at the Department of Revenue's Internet site, [www.ksrevenue.org](http://www.ksrevenue.org). The steps are provided below:

- 1 Log on to [www.ksrevenue.org](http://www.ksrevenue.org)
- 2 Under "Your Business" click on " Exemption Certificates"
- 3 Click on "Submit Request for Tax Entity Exemption Certificate", which will take you to the KSWebTax page.
- 4 You will need to create a KSWebTax account by registering for the center. Click on "Register Now". You will be asked to provide name, address and contact information. You will also need to assign yourself a User ID and password. Be sure to keep your User ID and password in a safe place as you will need it anytime you want to access the certificate.
- 5 Once you have completed the registration process you will be direct to reenter your User ID and password to enter the site.
- 6 There will be a screen with four options. Click on the first option, "Tax Entity Exempt Cert", which will enable you to apply for a new certificate, and then select "Continue".
- 7 Enter the information required on the form. In **petitioning authority** enter the name of the Lion's Club you are representing. For the question **Under what statute are you applying for the sales tax exemption?** Use the entry "Kansas Chapters of specific medical educational organizations KSA 79-3606(v v)" For **Structure of Organization** and "**Why do you believe you qualify for the Exemption**" insert "2007 HB 2171". You can leave the remaining questions blank. Once finished, click on "Continue". *(NOTE: The State doesn't have our specific category set up on their menu yet—that's why we are using the "medical" drop down above.)*
- 8 The screen will be refreshed to show your organization's name and other information. Click on Save if you are finished or on Edit to make any changes.
- 9 You will be taken to a screen that shows your club's name, the exemption number and a status code of Pending. The application has been submitted and must be reviewed by the department. Check back on this page after 24-48 hours (or July 1<sup>st</sup> - see below). When the Status code has changed to Approved, the certificate has been issued and available for use.
- 10 Click on View Certificate. You can now view, print or save the certificate.
- 11 From the View Certificate screen, you can update contact names, mailing address and phone numbers. Keeping this information current will aid the department in contacting your club when necessary.
- 12 When finished, click on Log-Off on the bottom left corner of the screen to exit the application. You can sign back into the system at any time to print additional certificates or update contact and address information.

If you have any questions concerning how to apply for the certificate or other questions about the exemption, your first point of contact is:

Linda McCormick, Lions State Secretary at 316.773.2100 or [kansaslions@aol.com](mailto:kansaslions@aol.com)

Linda can answer most questions and help you if you don't have access to a computer.

If Linda is not available, you may contact Steve Brunkan, Kansas Department of Revenue, at 785 291-3580.

The application for exemption MUST be made on-line. Call Linda if you need help.