

## Sales Tax Exemption

### I. Policy

Obtaining a County Extension Council and/or District Board tax exempt number should not be confused with obtaining 501(c) status. A purchase exemption number is obtained from Kentucky Department of Revenue and the 501(c) status is a Federal Internal Revenue Service designation for non-profit and charitable groups (i.e.: Extension Homemakers, 4-H Council and Clubs). The purpose for obtaining a state purchase exemption number is to be exempted from sales taxes on purchases. Educational and charitable organizations who request sales tax exemption numbers will need to first obtain 501(c) status. However, organization with a sales tax exempt status will still need to collect and pay sales taxes on items sold (KRS 139.497 provides an exception to 4-H and school sales).

County Extension Councils and District Boards should not use the University Tax Exempt Number. That number is to be used only for items purchased by the University of Kentucky.

Obtaining a Kentucky Purchase Exemption Number:

- Go to <http://revenue.ky.gov/> or telephone 502-564-5170
  - Follow these links:
    - Tax Forms
    - Current Year Forms
    - Sales and Use Tax
    - Application for Purchase Exemption Form 51A125
- Complete the form and return it to Division of Sales and Use Tax, Department of Revenue, P.O. Box 1274, Frankfort, KY 40602-1274. If the tax exemption number is for the Extension District Board, mark Special District in the appropriate spot. Tax exemption for County Extension Councils and program councils should be marked as educational.
- Extension District Boards will need to provide a Notification of Existence form. This is on file at the County Clerk's office and is a form used to establish the District Board.
- The purchase exemption number will be mailed to you.
- For additional questions contact the Division of Sales and Use Tax, 502-564-5170.

Purchase exemption numbers are provided to the organization paying the bills. Therefore, it is not appropriate to use the county government exemption number.

Purchase exemption numbers may not be used for personal purchases. Avoid giving the appearance of using it personally even though the purchase may be for Cooperative Extension Service.