

Church Financial Hot Topic

Georgia Sales and Use Tax

Do churches have to collect the sales and use tax on church fundraisers like Wednesday suppers or cookbooks? Generally, the answer is no. The guidelines of the Georgia Department of Revenue are specific on when the church needs to collect Georgia Sales and Use Tax. The *Official Code of Georgia Annotated* helps direct churches on what activities are exempt from the sales and use tax:

48-8-3. *The sales and use taxes levied or imposed by this article shall not apply to:*

15) *Sales:*

(B) *By religious institutions or denominations when:*

(i) *The sale results from a specific charitable fund-raising activity;*

(ii) *The number of days upon which the fund-raising activity occurs does not exceed 30 in any calendar year;*

(iii) *No part of the gross sales or net profits from the sales inures to the benefit of any private person; and*

(iv) *The gross sales or net profits from the sales are used for the purely charitable purposes of:*

(I) *Relief to the aged;*

(II) *Church related youth activities;*

(III) *Religious instruction or worship; or*

(IV) *Construction or repair of church buildings or facilities;*

What does this section of the Official Code of Georgia Annotated mean to our church?

Churches must make sure the funds from a fundraiser do not benefit any particular person. For instance, the church could have a fundraiser for a youth mission trip where the money benefits the whole group and not trigger the sales and use tax. However, if the fundraiser benefited only one person, the church will have to collect the sales and use tax on the fundraising event. In addition, the fundraiser should not last more than thirty days. If the women's ministry group sold cookbooks for two months, the church would have to collect the sales and use tax on the sale of cookbooks since the cookbook sale occurred longer than thirty days. Wednesday night suppers are considered individual events for tax purposes.

Do churches in Georgia have to pay the Georgia Sales and Use Tax on items purchased?

Churches are not exempt from paying the sales and use tax. In fact, if a church purchases an item outside of Georgia and brings the item back into Georgia for consumption, the church should send the state of Georgia the applicable sales and use tax. For example, a church regularly purchases office supplies in Florida. Churches in Florida can be exempt from paying Florida sales taxes, but if the office supplies are used in Georgia, then the church must send the state of Georgia the applicable sales and use tax.

Can a Georgia church be exempt from sales taxes in another state? Yes! Each state has different rules concerning the exemption of churches from paying sales taxes. Check with the different state governments or other churches in the state for the possible application for exemption. For instance, if a church youth group went on a mission trip in Tennessee and had completed the proper application, the church would not have to pay Tennessee sales tax on expenses incurred while the group was there.

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