



STATE BOARD OF EQUALIZATION

LEGAL DIVISION (MIC:82)
450 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
Telephone: (916) 324-2641
FAX: (916) 323-3387

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January 26, 1995

BURTON W. OLIVER
Executive Director

Mr. [W]
[H]
XX --- ---
--- ---, CA XXXXX

Re: [H]

Dear Mr. [W]:

I am responding to your letter dated November 5, 1995. You ask whether a church which is exempt from income tax under section 501(c)(3) of the Internal Revenue Code "is required to pay state sales tax". If so, whether "there is an exemption from this tax available."

A sales tax is imposed on all retailers measured by their gross receipts from retail sales of tangible personal property in this state unless the sales are specifically exempt by statute. (Rev. & Tax. Code § 6051.) A retail sale is a sale for any purpose other than resale in the regular course of business. (Rev. & Tax. Code § 6007.) Although sales tax is imposed on the retailer, the retailer may collect sales tax reimbursement from the purchaser if the contract of sale calls for such reimbursement (usually under the heading "sales tax"). (Civ. Code § 1656.1.)

There are no sales tax exemptions for churches arising from their non-profit status or because they are exempt from income taxation under the Internal Revenue Code. Retail sales of tangible personal property by a non-profit organization in California are subject to sales tax. Retail sales of tangible personal property to a nonprofit organization in California are also subject to sales tax. Therefore, retail sales of tangible personal property to and by your church are generally subject to sales tax.

Mr. [W]

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January 26, 1995
165.0010

A copy of Regulation 1700 which deals with reimbursement for sales tax is enclosed for your information.

If you have further questions, feel free to write again.

Very truly yours,

Victor G. Matl
Tax Counsel

VGM:cl

Enclosure: Regulation 1700

cc: San Jose District Administrator