APPLICATION OF SALES AND USE TAX
TO FUND-RAISING BANQUETS CONDUCTED
BY RELIGIOUS ORGANIZATIONS

REGULATION 1668
(From the California State Board of Equalization)

In general, sales of meals or food products by religious organizations at a social event or other gathering are exempt from sales tax when the purpose of serving or furnishing the meals is to obtain revenue for the functions of the organizations and the proceeds are actually used in carrying on such functions.

Hotels, restaurants and similar establishments contracting with religious organizations to provide meals and food products for fund-raising banquets conducted by the religious organizations are not required to pay sales tax on charges for meals and food products furnished or served at the fund-raising banquet, provided the religious organization’s purpose for the banquet is to obtain revenue for the functions and activities of the religious organization, and the revenue obtained by the religious organization from the banquet is actually used in carrying on such functions and activities. Such sales by the hotels, restaurants or similar establishments are sales for resales.

Sellers should obtain from the religious organization a resale certificate in the form described in Regulation 1668, “Resale Certificates.” If the religious organization does not hold a seller’s permit for sales and use tax purposes, it should note on the certificate that it does not hold a seller’s permit number because its only sales are of fund-raising meals and food products.

“Religious organization” means any organization the property of which is exempt from taxation pursuant to Section 3(f) of Article XIII of the State Constitution.

This exemption only applies to sales of meals and food products. Sales of alcoholic or carbonated beverages sold for a separate price are subject to sales tax. Therefore, unless the religious organization holds a seller’s permit to report sales tax on its sales of alcoholic and carbonated beverages, sellers are liable for the tax on such sales of religious organizations.

If the religious organization does not charge its guests, or charges them at cost for the meals and food products, the purpose of the banquet is not to raise revenue and the sales tax applies to charges for the meals and food products.