

June 11, 2002

Re: Sales Tax Exemption on Sales to Church; Our File No. LR-02-086

Dear

This office is in receipt of your letter wherein you request confirmation of your understanding regarding the treatment of sales tax exemptions on sales to churches. In your letter you ask the following question:

**Can church "A" build church "B" (B having a different name and federal ID number) but still use church "A"s exemption letter or permit number?**

You are correct in your understanding that Church "B" cannot use the exemption letter of Church "A" for the purpose of making exempt purchases. Church "B" having a different name and federal ID number can request a letter recognizing its exempt status. See OAC 710:65-7-15.

Although neither Oklahoma Tax Commission Rules nor statutes specifically provide for the results stated hereinabove, it has been established as policy by the Commission that sales or services "to" churches are exempt from sales tax only if the sales or services are billed directly to and paid by the entity claiming the exemption. "In creating the sales tax, the Legislature enacted exemptions to the tax. Whether the exemption arises by reason of constitutional or statutory provision, the law is well settled in Oklahoma that all tax exemptions are to be strictly construed against the exemption. In *Home-Stake Production Co. v. The Board of Equalization*, 416 P.2d 917 (Okla. 1966), the Court said, 'The law is settled that no claim of tax exemption can be sustained unless it is shown same clearly comes within the provisions of the law under which the exemption is claimed.'" See 12 Okl. Op. Atty. Gen. 64. There being no exemption provided for by statute, the Commission's policy is that the exemption is personal to the entity requesting it. Therefore, in reliance on OAC 710:65-13-40, it is the policy of the Commission that the exemption granted to Church "A" may not be used by Church "B".

This response applies only to the circumstances set out in your request of June 6, 2002. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon by the entity

to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

Sincerely,

**OKLAHOMA TAX COMMISSION**

Evelyn B. Phyffer  
Tax Policy Analyst

Enc. 1