

Financial Legal Responsibilities of Councils

1. KSRA and its affiliated councils are exempt from paying federal income taxes but not from paying Pennsylvania sales tax. This means that sales taxes must be collected when items are sold and the taxes remitted to the Pennsylvania Department of Revenue. Each affiliated council of KSRA must obtain its own number from the Pennsylvania Department of Revenue to use when remitting sales tax. Forms will also have to be submitted to the Pennsylvania Department of Revenue in a timely manner. Financial penalties will be incurred by the council if the paperwork is not done as required.

KSRA is not responsible for obtaining tax numbers for councils, for overseeing the paperwork, for the submissions of monies to the Pennsylvania Department of Revenue, or for paying any penalties that might be incurred by the council.

KSRA and its affiliated councils are also required to pay sales tax on taxable items or services purchased.

2. Temporary tax numbers are available for one-time sales by councils. Regular tax numbers are required if the council wishes to sell materials more often. In this case, quarterly reports must be filed to the Pennsylvania Department of Revenue.
3. Although KSRA and its affiliated councils are exempt from paying federal income tax, if the council has more than \$25,000 in total gross receipts during the fiscal year, Form 990 must be filed with the Internal Revenue Service annually.

KSRA is not responsible for determining if a council must file a Form 990 or for reminding a council to file if it must do so.