

TRUTH ABOUT 501(C)3 EXEMPT STATUS

- Most churches in America have organized as 501(c)3 tax-exempt religious organizations.
- 501(c)3 is a fairly recent trend (only about 50 years old) since 1954.
- 501(c)3 status was influenced by Senator Lyndon B. Johnson's political agenda to silence the church and eliminate the significant influence the church had always made on shaping "public policy." He seemed to appreciate how easily many of the clergy would sell out.
- 501(c)3 churches are prohibited from addressing, in any tangible way, the vital issues or concerns of the day.
- For a 501(c)3 church to openly speak out, or organize in opposition to anything that the government declares to be "legal," even if it is immoral (i.e. abortion, homosexuality, etc.), the church *will jeopardize its exempt status*.
- No church has ever been taxable – before or after 1954. In order to be taxable the church must be **under the jurisdiction**, and therefore under the taxing authority of the government. This can only be done through voluntary agreement (contracts and covenants) to incorporate **under** the STATE.
- The First Amendment clearly places church outside of the jurisdiction of the civil government: "Congress shall make NO LAW respecting an establishment of religion, nor prohibit the free exercise thereof."
- Religion cannot be free if you have to pay the government, through taxation, to exercise it.
- In order to be considered for tax-exempt status by the IRS an organization must fill out and submit IRS form 1023 and 1024, however in Publication 557 they state that Churches need not fill out 1023 to be exempt.

In the words of Steve Nestor, IRS Sr. Revenue Officer, *"I am not the only IRS employee who's wondered why churches go to the government and seek permission to be exempted from a tax they didn't owe to begin with, and seek a tax deductible status that they've always had anyway. Many of us have marveled at how church leaders want to be regulated and controlled by an agency of government that most Americans have prayed would just get out of their lives. Churches are in an amazingly unique position, but they don't seem to know or appreciate the implications of what it would mean to be free of government control."*

IRS Code 501(c)3 church tax exempt requirements

Richard Hoskins, in the Hoskins Report, June 1998, outlined 29 IRS regulations pertaining to 501(c)3 churches:

1. Be incorporated.
2. Have a recognized creed and IRS approved worship.
3. Have a definite and distinct ecclesiastical government – a hierarchical government.
4. Have IRS approved code of doctrine and discipline.
5. Be a denomination with a distinct religious history.
6. Have ordained ministers.
7. Have ministers educated in state accredited colleges.
8. Be neutral on political issues.
9. Have tax-exempt status issued by IRS.
10. Pay a tax to the IRS for tax-exempt status (yearly fees).
11. Be engaged in activities furthering exclusively public purposes.
12. Open its services to the public.
13. Have their pastor answer to the IRS as to the daily activities of the church.
14. Let IRS be privy to all financial transactions including sources, donors, expenditures, and if cash is used the leadership will be a likely suspect of money laundering.
15. Have books and records available to the IRS at all times.
16. Have the pastor inform IRS of names of all donors.
17. File form 1099 for gifts to missionaries and evangelists over \$600.00.
18. Use only IRS approved methods of fund-raising.
19. Have the pastor be accountable to the IRS over stands taken against the tax system. (501(c)3 requires the church to support the IRS, which is why ministers (knowingly or unknowingly) always say to pay ones taxes).
20. Submit names of all church workers: pastors, teachers, clerks, counselors, educational directors, office help, associates, and maintenance personnel.
21. Give unlimited submission to civil magistrates pertaining to all laws – federal, state, and local – including public policy.
22. Advocate and promote racial integration, and not oppose racial integration.
23. Not publicly oppose licensing of church ministries.
24. Not engage in political activities opposing pornography.
25. Not to support legislation saying that children belong to the parents and not to the state.
26. Not form a Political Action Committee nor activity supporting legislation opposing lotteries and gambling activities.
27. Not to advocate support of the united States of America or state constitutions as the supreme law of the land. (Public policy takes precedence).
28. Not actively participate in opposing the public school system.
29. Not publicly declare that the church is to obey God rather than government.