

TAX EXEMPT STATUS AND POLITICAL ACTIVITIES

The tax exempt status of churches and other religious organizations is governed by section 501 (c)(3) of the Internal Revenue Code of 1986.

Churches are automatically treated as tax exempt entities without any application being filed with the Internal Revenue Service.

Additionally, the Internal Revenue Service has already provided a designation of tax exempt status for Louisiana Baptist Churches and the local associations of churches, in Group Exemption No. 2115.

In Group Exemption No. 2115 to the Louisiana Baptist Convention, dated October 29, 1970, the Internal Revenue Service confirmed that the state convention, affiliated district associations and affiliated churches are exempt from federal income taxation under section 501 (c)(3) of the Internal Revenue Code.

On the other hand, religious organizations that do not fall within the categories set forth in Group Exemption No. 2115 and are not churches, must file an application for tax exempt status with the Internal Revenue Service in order to be treated as a tax exempt entity.

Thus, while affiliated churches and associations can rely on Group Exemption No. 2115 for their tax exempt status, other Baptist organizations that do not fall within those categories must file for their own tax exempt status.

The Louisiana Baptist Convention will provide upon request, a copy of Group Exemption No. 2115.

In order for a church to be treated as a 501(c)(3) tax exempt entity, and therefore not pay federal income taxes, and have the contributions of its donors treated as tax deductible by those donors, churches must comply with rules related to political activities:

1. endorsing candidates
2. making donations to candidates' campaigns
3. engaging in fund raising on behalf of a candidate
4. distributing statements supporting or opposing a political candidate
5. becoming involved in any other activities that may be beneficial or detrimental to any candidate.

However, staff and church members may support any candidate or issue they choose, on an individual basis. Thus, care should be used not to have statements issued from the pulpit, on church letterhead stationary, or in official church publications or communication which would violate these prohibitions.

A church may choose to publicly support ethical or moral issues if that support does not endorse or denounce an individual candidate.