

Must Churches File Form 1023 for 501(c)(3) Tax Exemption?

Churches may wonder whether they must file IRS Form 1023 to be considered a tax exempt religious organization under 501(c)(3).

The IRS Instructions to Form 1023 provide the following:

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Form 1023 not necessary. The following types of organizations may be considered tax exempt under section 501(c)(3) even if they do not file Form 1023.

- Churches, including synagogues, temples, and mosques.
- Integrated auxiliaries of churches and conventions or associations of churches.

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Even though the above organizations are not required to file Form 1023 to be tax exempt, these organizations may choose to file Form 1023 in order to receive a determination letter that recognizes their section 501(c)(3) status and specifies whether contributions to them are tax deductible.

In other words, churches are not technically required to file Form 1023 to be considered a tax exempt organization. However, by filing Form 1023, churches can obtain a Determination Letter from the IRS that is considered proof that the church is a 501(c)(3) tax exempt organization. Without a Determination Letter, the church and its donors risk that the IRS could later determine that the church did not qualify as a tax exempt organization.

It may be useful to consider the test used by the IRS to determine whether a religious organization qualifies as a church. The IRS has issued the following test regarding whether a religious organization qualifies as a church, and thus, a tax exempt organization.

Does the religious organization have

1. a distinct legal existence;
2. a recognized creed and form of worship;
3. a definite and distinct ecclesiastical government;
4. a formal code of doctrine and discipline;
5. a distinct religious history;
6. a membership not associated with any other church or denomination;
7. an organization of ordained ministers;
8. ordained ministers selected after completing prescribed studies;
9. a literature of its own;
10. established places of worship;
11. regular congregations;
12. regular religious services;
13. Sunday schools for religious instruction of the young; and
14. schools for the preparation of its ministers.

Source: 5 Administration, Internal Revenue Manual 7(10)69, Exempt Organizations Examination Guidelines Handbook 321.3(3), at 22,455-4 (CCH) (Apr. 5, 1982).

For a more comprehensive explanation of these 14 elements to the IRS's test for churches, see [this publication by the IRS](#).

Another important question is what type of beliefs are sufficient to form the basis of a church. This issue is addressed here: [501\(c\)\(3\) Church Eligibility: Religion vs. Philosophical View | Nonprofit Attorney](#).

Dealing with the IRS can be a stressful and unpleasant experience. Hiring an experienced [Minnesota IRS Attorney](#) can help alleviate some of the difficulties inherent in dealing with the IRS.

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