

APPLYING FOR 501(c)(3) STATUS AS A CHURCH

Is it necessary or not?

As you research and read about tax issues related to the church, you will notice that most all resources and references will speak of churches as nonprofit organizations using the IRS “501(c)(3)” designation. 501(c)(3) is the section of the IRS tax code that grants nonprofit organizations certain tax benefits and exemptions. However, churches are automatically recognized as tax exempt, nonprofit corporations (with 501(c)(3) benefits) as long as they have taken the steps to incorporate and they follow the parameters for existing as a non-profit entity and thus are not required to obtain a Determination Letter from the IRS. Consult the IRS' helpful [Tax Guide for Churches and Religious Organizations](#). Go to IRS.gov and search [IRS Pub 1828](#) for more information. Most Crossway Network churches simply focus on their nonprofit incorporation process and have not seen the need for obtaining a 501(c)(3) letter from the IRS. **So, it is not necessary but there may be some benefits.**

While it is not required, a church may still decide for various reasons to apply for a 501(c)(3) Determination Letter from the IRS. Many churches want the added official designation and Determination Letter on file for simplicity and an added layer of credibility. In other unique cases, certain donating organizations may have a contribution policy that requires the recipient (your church) to have a Determination Letter. In addition, whenever you are required to prove you are a nonprofit organization for discounts, benefits, and other nonprofit privileges, most organizations only understand the 501(c)(3) letter from the IRS. In most cases you can validate your status with other documentation but it is simply not as straightforward as a single document of proof.

The IRS fee to apply for and receive the 501(c)(3) Determination Letter is \$600. You can apply at irs.gov/charities-and-nonprofits.



DISCLAIMER: This short resource is intended for assistance among Crossway Network Churches and while thorough research has been conducted, it is not meant to be professional legal or financial advice. We recommend that every church obtain legal and financial assistance to substantiate the information we have provided. While we love the universal church and would be willing to interact on the content here with others, we are only able to directly support admin processes for churches and leaders within the Network family. For questions, please email admin@crosswaynetwork.org. © Crossway Network Resources, 2020, Crossway Network.org