

PCA's 501(c)(3) Tax Exempt Group and EIN Information

The PCA Administrative Committee maintains a Group 501(c)(3) tax exempt group that is free for PCA churches and presbyteries to join. The Stated Clerk's office receives many questions about the 501(c)(3) group and federal tax employer identification numbers (EIN). Below is information about the tax exempt group, benefits of joining the group, and obtaining an EIN.

The 11th General Assembly in 1983 instructed the Administrative Committee to file the necessary information with the IRS to obtain group recognition of PCA churches and presbyteries.

Churches are exempt from federal income tax under Section 501 of the Internal Revenue Code. Contributions to churches are deductible under Section 170, and Section 508 specifically exempts churches and associations of churches from the requirement to apply for recognition of tax-exempt status. Nevertheless, there may be certain benefits from receiving official recognition of tax-exempt status from the IRS and obtaining a "501(c)(3) verification letter."

In dealing with the various agencies of civil government (local, state and federal), proof of tax-exempt status is often required. Even though churches are exempt from federal income tax by law, government agencies will sometimes require copies of organizational documents to prove exemption. Banks, donors, and other companies often require letters of verification that a church is included in a 501(c)(3) group exemption.

Participation in the PCA group listing with the IRS is optional. Either the session or the entire presbytery should decide whether or not it wants to be included. If the church or presbytery wishes to be included, all that is needed is to fill out an authorization form (enclosed) and email, fax, or mail it to the Administrative Committee. Churches and presbyteries are welcome to apply for their own recognition from the IRS, but for most churches and presbyteries, the PCA's group exemption saves them lots of time and paperwork with the IRS.

The IRS requires that each church and presbytery included on the list have a federal Employer Identification Number (EIN). The EIN is similar to an individual's Social Security Number and is used by the federal government to identify businesses, associations and churches, even if they have no employees. An EIN is used by a church or presbytery when reporting compensation paid to a minister or an employee, and is required by a banking institution when an account is opened. An EIN is not a "tax-exemption number". It will be used to identify the church or presbytery to the IRS and occasionally to other government agencies. If a church or presbytery is located in a state that exempts churches from state sales tax (not all states have such exemptions), there is a separate procedure for churches to obtain a tax exemption number and/or certificate. Check with your state tax department for further information.

The IRS has issued a "group exemption number" for the PCA churches and presbyteries included in the group exemption list, but that number is not used to obtain exemption from sales or other taxes. The number is only used on a few IRS forms, such as Form 990-T (if filing an annual tax return for unrelated business income) and Form 8274 (for electing exemption from FICA taxes on non-ordained employees).

All churches and presbyteries participating in the group IRS listing continue to use their own EIN whenever a federal identification number is requested (the number is sometimes called a

“Taxpayer Identification Number” [TIN]). The PCA’s Employer Identification Number is **never** to be used by a church or presbytery.

Three additional matters should be noted:

1. If your church or presbytery does not currently have an EIN, and you decide to participate in the group listing, you should file Form SS-4 with the IRS office for your region (not with the AC office). **This EIN Form SS-4 and the SS-4 Instructions can be found on the IRS website www.irs.gov. The IRS also has a quick online form you can fill out to obtain your EIN on their website.** After you obtain an EIN from the IRS, include it on the enclosed authorization form and send this form to the Administrative Committee office.
2. Even though you may not currently have any employees, the IRS may start sending you Form 941, “Employer’s Quarterly Federal Tax Return”. If you do not have employees subject to FICA taxes or the withholding of income taxes (ordained staff are not subject to either FICA or withholding), you should return the form to the IRS with a letter explaining that you do not have any employees subject to FICA or withholding. Mention that you obtained your EIN as part of the procedure for obtaining IRS recognition of tax-exempt status, and that you will begin filing Form 941 when, and if, you employ any staff subject to FICA and withholding taxes. Do not ignore the forms or any other communications sent by the IRS. If the IRS continues to send you Form 941 after you have made several attempts to resolve the matter, the local office of your Congressman may be able to get the matter straightened out with the IRS.
3. After completing the enclosed form authorizing the Administrative Committee to include your church or presbytery in the group listing with the IRS, send the form to our office by email, fax, or mail. Do not send the letter until you have an EIN. Our office will email you a copy of the IRS group exemption letter (the Determination Letter) along with a cover letter certifying that you are a part of the PCA’s group IRS listing. Updated verification and determination letters are available upon request at any time from the Administrative Committee.

In summary, the steps to participate in the PCA group listing with the IRS are:

1. The Session (or presbytery) should approve being listed.
2. The church (or presbytery) should obtain a federal Employer Identification Number (if it doesn’t already have one)
3. The church (or presbytery) should fill out the enclosed authorization form and email, fax, or mail to the Administrative Committee office.
4. The Administrative Committee will add your church (or presbytery) to the 501(c)(3) tax exemption group and will email you a 501(c)(3) verification letter along with the latest copy of the PCA’s Determination Letter.

An annual updated list is filed with the IRS each September, notifying them of additions, address changes and deletions of churches and presbyteries included in the PCA listing. Unless the Administrative Committee is notified in writing, each church and presbytery that has authorized our office to include it in the listing will continue to be listed. A church or presbytery may be deleted from the list, but our office must be notified in writing, and the deletion can only be done at the time of the annual update in September.

AUTHORIZATION FORM

The _____ (Presbytery, MNA, or Session) hereby authorizes the Presbyterian Church in America to include the church, mission, plant or presbytery named below in a group listing with the Internal Revenue Service for the purpose of recognition of federal tax-exempt status under Section 501 (c)(3) of the Internal Revenue Code. The following information is provided for the IRS group listing:

1.Name of Church, Mission, or Presbytery: _____

2.Please indicate if your Church is currently a Church Plant, Mission Church, or a Particularized Church: _____

3.Mailing Address: _____

4.Meeting Address: _____

Federal Employer Identification Number: _____

We will notify you of any change in our address or name change, so that you can keep the information on the IRS listing current. We understand that if we ever decide to have our name deleted from the IRS listing, we must notify you of our decision in writing.

We have/have not (strike the incorrect response) previously applied for recognition of federal tax exemption under Section 501 (c)(3) of the Internal Revenue Code. If we previously applied for and received recognition of exempt status, our recognition letter was dated _____ and the issuing IRS office was located in _____.

Name—Please Print _____

Signature: _____

Title: _____
(i.e. Pastor, Church Planter, Clerk of Session, Clerk of Presbytery, Church Treasurer)

Phone: _____ Email: _____

Date: _____

RETURN TO: stats@pcanet.org or fax: 678-825-1001