

Why Apply for IRS Recognition?

Churches are not required to apply for IRS recognition of 501(c)(3) status, regardless of their size. Churches are statutorily exempt. You might want to file anyway for these reasons:

Although tax law provides deductibility of contributions made to churches regardless of whether 501(c)(3) status has been recognized, tax law places the burden of proof for deductibility on the individual donor. Your church might choose to apply for 501(c)(3) recognition to save donors possible embarrassment and inconvenience during an audit.

Almost every grant-making agency, public or private, requires a 501(c)(3) determination letter from grant applicants. Your church might need to apply for 501(c)(3) recognition if it plans to seek grant funding.

Other state and Federal agencies, such as the Postal Service, or your state's Gambling Commission, may require proof of exempt status before issuing permits or exemptions. Each agency has its own rules, which may not provide exceptions for churches. Your organization might have to apply for 501(c)(3) recognition to satisfy other governmental agencies.

Failing to apply for IRS exempt status can sometimes undermine an organization's credibility with the press or the public. Your church might find that 501(c)(3) recognition is important for its public image.

Check IRS [Publication 1828](#) for additional information about payroll taxes and parsonage allowances. Information about IRS treatment of churches that do not apply for 501(c)(3) recognition can be found in Chapter 25 of this book, on page **Error!**
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