

Legal Issues

Group Ruling



Evangelical Lutheran Church in America
God's work. Our hands.

The Internal Revenue Service (IRS) recognizes the Evangelical Lutheran Church in America (ELCA) as a 501(c)(3) organization, which means that it is exempt from federal income tax.

The IRS has a procedure by which a parent organization (in this case the ELCA) can establish for its subordinate organizations (such as congregations, social ministry organizations, campus ministries, schools, etc.) group ruling tax exempt status for federal income tax purposes.

Even though an affiliated organization is listed in the ELCA Yearbook, they also must have been included in one of the filings to the IRS made by the ELCA annually. In order to be included in the ELCA's group ruling, an affiliated organization must meet and substantiate the following criteria:

1. Must have authorized its inclusion in writing by completing one of the following: Form No. 1 for congregations; Form No. 2 for other affiliated organizations;
2. Must have a nine-digit Federal Employer Identification number (EIN);
3. Must not have received an individual letter of determination from the IRS, as a consequence of having filed an application on IRS Form 1023;
4. Must be "controlled or supervised" by the ELCA; and
5. Must, in its governing documents, contain appropriate clauses that establish its character as a public charity. These clauses include prohibition against any of the assets or income inuring to the benefit of private persons, and a provision that upon dissolution of the organization its assets will go to another organization qualifying as tax exempt under 501(c)(3) of the Internal Revenue Code.

The advantage of compliance with this group exemption procedure is that an affiliated organization can then obtain a certification letter from the ELCA General Counsel indicating that the affiliated organization has been included in the ELCA's group exemption filing. This letter is comparable in effect to a determination letter issued to organizations that file application for exempt status on IRS Form 1023.

The certification letter issued by the ELCA General Counsel confirms that an affiliated organization has been included in the ELCA Group Exemption filing. This letter could be requested and used in any of the following situations:

- Application for a bulk mailing permit issued by the U.S. Post Office;
- Application for state sales tax exemption; (Exemption from state and local sales and other taxes does not automatically follow because one has exempt status for federal income tax purposes; however, in many states proving exemption from federal income tax is a prerequisite for applying for exemption from sales and other local taxes);
- Application seeking a grant or matching funds from another 501(c)(3) organization (e.g., a fraternal life insurance company);
- Settlement of an estate or receipt of a gift where money has been left to a subordinate organization; or
- On occasion, the donor to an affiliated organization will request proof of the donee's organization tax exempt status. Affiliated organizations may be included in the ELCA's annual filings with IRS under one of these specific categories:
 - Churchwide Organization
 - Synods
 - Other National Organizations
 - Other Synod Related Organizations
 - Seminaries
 - Colleges and Schools
 - Social Ministry Organizations
 - Camps and Conference Centers
 - Campus Ministry Organizations
 - Continuing Education Centers
 - Coalitions
 - Congregations, Multi-point Ministries, and Other Ministries Under Development
 - Synodical Women's Organizations
 - Synodically Authorized Worshiping Communities/Chapels
 - Supporting Organizations
 - Congregation Related Organizations

How to Contact Us Regarding a Certification Letter*

To initiate the Group Ruling Exemption process for your congregation or other ELCA entity*, please send an email to 501c3@elca.org with the subject line: Tax Exempt Status.

We prefer that any requests be sent from your congregation's or other organization's email address. You will receive an automatic reply which states: "Please provide your entity name, address, city, state, as well as the 9-digit Federal

Employer Identification Number (EIN) currently used for filing wage statements or quarterly reports with the IRS.”

This information will be verified with the group ruling to be sure our records are current. If there is no change, we will send the certification letter and attachments by PDF to your email location. If there are any changes with the information currently in the group ruling, we will request documentation.

We strongly prefer to send all our replies to an organization email address. If that is not possible, please explain why there is no organization email address that can be used.

*Please note that new inclusions for social ministry organizations, congregations under development, synodically authorized worshiping communities and campus ministries need to contact the Congregational and Synodical Mission unit of the churchwide organization to start the process.

Find the forms at <https://www.elca.org/Resources/Legal#Tax>

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