

Legal Issues

Tax Exemptions



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

State Sales Tax Exemption

In many states an application form is required. It is often necessary to show proof of exemption from federal income taxes. (The proof that the church organization is a 501(c)(3) entity) Some additional requirements will often include an application form and proof of incorporated status. Once a state sales tax exemption is granted, it is important that the congregation monitor its use. The authorized user will often need to present to the merchant a copy of the letter issued from the appropriate state authority or the state tax exempt identification number. It is certainly proper for the congregation to use the exemption for purchases of church supplies, foodstuffs, and other materials used directly for church purposes. However, it is important that all staff and members understand that it is illegal to use the tax exemption for personal purchases.

Local Real Estate Tax

Exemption from real estate taxes is governed by state law. Application for exemption from real estate tax may vary from county to county within the same state. In some states, what the local tax assessor/collector says or thinks the state law is, controls. Check with the local taxing authorities or a local tax professional to find out whether the congregation will lose its real estate tax exemption if it leases property.

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