

**WHO IS INCLUDED IN PRESBYTERIAN CHURCH (U.S.A.)’S
FEDERAL GROUP EXEMPTION AND HOW IS EVIDENCE OF INCLUSION SECURED?**

The Presbyterian Church (U.S.A.) has been issued a Group Ruling (hereinafter "**Group Ruling**") by the Internal Revenue Service (hereinafter "**IRS**"). Since the initial ruling of January 31, 1964, the IRS has reaffirmed the Group Ruling periodically. The Group Ruling exempts the Presbyterian Church (U.S.A.), and its related organizations from federal income tax under section 501(c)(3) of the Internal Revenue Code (hereinafter "**Code**"). The General Assembly of the Presbyterian Church (U.S.A.) lists all of its related organizations that are entitled to the benefits associated with the Group Ruling in its Minutes (hereinafter "**Minutes**") which are published every year. The Office of Legal & Risk Management Services of the Presbyterian Church (U.S.A.), A Corporation’s Administrative Services Group manages the Group Ruling on behalf of the Stated Clerk of the General Assembly of the Presbyterian Church (U.S.A.).

The following list is a list of those understood to be automatically included in the Group Ruling. These groups need not take any additional action to be included in the Group Ruling:

- The particular churches, congregations, sessions,
- The presbyteries,
- The synods,
- The General Assembly,
- The first or primary corporation of any of the above (e.g., First Presbyterian Church, Inc.), and
- The unincorporated programs or functions of any of the above.

If your church/session, presbytery, or synod needs to demonstrate federal tax-exempt status, a letter can be secured from the following employees in the Presbyterian Church (U.S.A.), A Corporation’s Office of Legal and Risk Management Services.

Samantha Lund, Legal Services
(888) 728-7228-Ext. 5020
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or

Rebecca Rayner, Legal Services
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Other related but separately incorporated bodies are not automatically included in the Group Ruling. A document titled *Procedures for Inclusion in Presbyterian Church (U.S.A.) Federal Group Exemption* describes how other bodies may be admitted to Presbyterian Church (U.S.A.)’s Group Ruling. This document may be secured from the following employees in the Presbyterian Church (U.S.A.), A Corporation’s Office of Legal and Risk Management Services.

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Finally, bodies included in the Group Ruling should have their own Employer Identification Number. They **should not** use the Employer Identification Number (23-6393377) used for holding the Group Ruling.

The following is a set of questions and answers that are normally asked concerning the Group Ruling.

1. **What are the benefits of being included in the Group Ruling?** Inclusion in the Group Ruling means that the included organization is exempt from federal income tax under section 501(c)(3) of the Code. Further, contributions to such an organization are deductible for federal income, gift, and estate tax purposes. The organization is also exempt from federal unemployment tax. However, individual states may impose an unemployment tax on certain tax-exempt organizations even though they are exempt from the federal tax. Organizations should consult their tax advisors concerning liability for the state unemployment tax.

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2. **What About Federal Excise Taxes?** Generally, inclusion in the Group Ruling has no effect on an organization's liability for federal excise taxes. Exemption from these taxes is very limited. Organizations should consult their tax advisors to determine whether they are entitled to such exemptions.
3. **What About State Taxes?** Inclusion in the Group Ruling has no effect on an organization's liability for state or local income, sales, or property taxes. Typically, separate exemption applications must be filed with the appropriate state or local tax authorities in order to qualify for applicable exemptions. Organizations should consult their tax advisors to determine whether they are entitled to exemptions from state or local taxes and how any available exemptions may be secured.
4. **What About Social Security Taxes?** All organizations included in the Group Ruling must pay taxes under the Federal Insurance Contributions Act (FICA) for each lay employee.