

GROUP RULINGS AND CHARITABLE CONTRIBUTIONS

IRS Publication 4573 (Group Exemptions) (<http://www.irs.gov/pub/irs-tege/p4573.pdf>) provides information on group tax exemption rulings such as the one covering United Methodist local churches, annual conferences, general agencies, and certain other United Methodist affiliated organizations.

In 1974, GCFA, acting on behalf of The United Methodist Church, applied for and received a group tax exemption ruling from the IRS. In the language of the IRS, GCFA is referred to as the “central organization” of the group ruling and the other covered entities are referred to as “subordinate organizations”. (For information purposes, the IRS Group Exemption Number for The United Methodist Church Group Tax Exemption Ruling is: 2573.)

The 1974 group ruling from the IRS is still valid today and by its terms, it provides that all subordinate organizations covered by the group ruling are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

However, from time to time, potential donors have raised questions about verifying the tax-exempt status of our organizations covered under our group ruling. Their interest, of course, is to insure that their contributions to our organizations will be tax deductible. Publication 4573 provides helpful guidance to donors in this regard.

Specifically, Publication 4573 states that to establish the deductibility of their contributions to a subordinate organization, donors may rely on:

- (1) the central organization’s (in this case, GCFA’s) listing in IRS Publication 78 (which is online at www.irs.gov); together with
- (2) the central organization’s (in this case, GCFA’s) verification that the subordinate organization is included in the group ruling.

If you have potential donors who have expressed concerns about the deductibility of their contributions, please feel free to direct them to Publication 4573 or to GCFA’s Legal Department.