**501C3 – THE TRUTH ABOUT TAX**

**EXEMPT STATUS AND THE CHURCH**

The following are excerpted commentaries from Marlin Maddox, Congressmen George Hansen, Peter Kershaw, John Adams and Dr. D. James Kennedy from over a decade ago regarding the 501C3 Tax exemption.

“It’s impossible to have religious freedom in any nation where churches are licensed to the government.”

“The federal government has proved a tremendous impediment to the ongoing work of Christians. In all the laws that they have passed against Christian schools, gagging the church, taxation, and all kinds of things that they have done, they have made it harder for the church to exercise its prerogatives and to preach the gospel.”

“Take the last presidential election. There were numbers of things that I knew that I was never able to say from the pulpit because if you advance the cause of one candidate or impede the cause of the other you can lose your tax exemption. That would have been disastrous not only for the church, but for our school and our seminary, everything. So you are gagged. You cannot do that. The IRS, a branch of our government[[1]](#endnote-1), has succeeded in gagging Christians.”

“America is in a state of moral free-fall, plunging toward self-destruction. In the face of ever-increasing national immorality, the legalization by government of many acts which have for centuries been held to be criminal, as well as the rapid erosion of the People’s basic Constitutional Rights and Liberties, where is the church?

Martin Luther stated, ‘The church must be reminded that it is neither the master not the servant of the state, but rather the conscience of the state’.

John Adams said, “The church is the moral compass of society.”

America has lost her moral bearings, yet the church stands strangely mute. Even Dr. Kennedy wishes he could say much more. How did it happen? Most churches today are legally organized as “creatures (franchises) of the State”. In other words, they are State-churches. For all intents and purposes, they can only do what their government masters authorize. They have “rendered unto Caesar” what is exclusively Christ’s. Somehow churches thought they needed the “privileges and benefits of the state.” But there is no free lunch. The government demands something in return – the surrender of constitutionally protected rights, like freedom of speech, and even freedom of religion! The church, as Dr. Kennedy asserts, has been gagged.

Why do churches and ministries incorporate and become 501C3 organizations? “Because our attorney told us we needed to,” is the most common reason. Pastors and ministers have been tricked into believing that they can’t function without the legal blessing of the civil government. But there’s at least two sides to every story, and you have the right to know that your attorney (even if he is a Christian) probably withheld vital information from you.

First century Christians knew there were significant legal and theological ramifications to taking license from Caesar (the State). This is why they never incorporated any church. The corporation originated in Roman Civil Law, 250 years prior to the birth of Christ. Corporations were the most ubiquitous legal entities in Roman society, used to maintain subservience and government conformance. The corporation is a “franchise of the state,” and “the state is sovereign” of all corporations. For the early church to incorporate would have been a public declaration that Caesar was sovereign over Christ – blasphemy! There is virtually no difference between modern corporations and those used by ancient Rome.

Personal commentary:

To this day churches in the State of Virginia do not incorporate, instead they form “trusts”. Thus they avoid government control. According to the U.S. Code, (the code that establishes taxation), churches are automatically tax exempt; but the government and attorneys will not tell you that, and most IRS agents don’t even know that. (I have of the U.S. Code number that so states somewhere in my files from long ago but I have not been able to locate it at this time.)

I remember back in the 1950’s when my father was the Treasurer of our Baptist Church in Baltimore, which did not have a 501C3 status, and he was summoned by an IRS agent as to why the church was issuing tax exempt receipts to its members. He sat down with the agent and stated, “because we are a church”. The IRS agent asked for proof, so my father opened up the telephone book and showed him the phone listing for the church. That settled the matter. No need to produce a corporate charter or any civil or government documents – just evidence that we were listed as a church. The IRS agent knew about the U.S. Code back then, but most of them do not know that now because they are not so taught or trained.

Several years ago I dissolved our church and ministry corporation so we can preach the truth without government restrictions or control. We do not need government approval to do what God has directed us to do. I also rescinded our 501C3 status as it is not needed; besides, most people cannot use a church tax deduction since most people do not give enough to earn the tax deduction. Those who give enough to earn the legal deduction need to give for the right reason, not for a tax deduction – remember Jesus said, “render unto Caesar what is Caesars”.

Churches today need to loose themselves from this governmental gag restriction and stand up and preach the truth. Yes, preaching the truth will make you a target of opposing forces. This is exactly what Jesus said to his disciples and those who follow. Read Matthew 10:16-33 and John 15:18-21.

1. The IRS is not actually part of the U.S. Government, It is a Corporation under the control of the IMF – the International Monetary Fund – which is owned by the World Bank and its bankers. [↑](#endnote-ref-1)