

Rev. Proc. 72-5, 1972-1 C.B. 709

Information to be included in applications filed by religious and apostolic organizations seeking exemption under section 501(d) of the Code; Revenue Procedure 68-24 superseded.

SECTION 1. PURPOSE

This Revenue Procedure sets forth the information to be included in exemption applications filed by religious and apostolic organizations claiming exemption from Federal income tax under section 501(d) of the Internal Revenue Code of 1954.

SEC. 2. BACKGROUND

.01 Section 1.501(d)-1 of the Income Tax Regulations relative to religious and apostolic associations or corporations reads, in part, as follows:

(a) Religious or apostolic associations or corporations are described in section 501(d) and are exempt from taxation under section 501(a) if they have a common treasury or community treasury, even though they engage in business for the common benefit of the members, provided each of the members includes (at the time of filing his return) in his gross income his entire pro rata share, whether distributed or not, of the net income of the association or corporation for the taxable year or the association or corporation ending with or during his taxable year * * *.

.02 An organization seeking an exemption ruling or determination letter under section 501(d) of the Code is required by section 1.501(a)-1(a)(3)(i) of the regulations to file an application with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. Revenue Procedure 72-4, page 709, this Bulletin, outlines the procedures with respect to the filing of such exemption applications.

.03 Because of the small number of such organizations, a specific application form is not prescribed for applicants under section 501(d). However, where an organization seeks an exemption letter under section 501(d), section 1.501(a)-1(a)(3)(i) of the regulations provides that the application for exemption must show the character of the organization, the purpose for which it was organized, its actual activities, the sources of its income and receipts and the disposition thereof, whether any of its income or receipts is credited to surplus or may inure to the benefit of any private shareholder or individual, and in general all facts relating to its operations that affect its right to exemption.

SEC. 3. MATERIAL TO BE INCLUDED IN THE APPLICATION

.01 In order to establish that it meets the statutory and regulatory requirements for exemption, the application submitted by an organization should contain the following

documents and information:

1. A copy, including any amendments thereto, of the organization's articles of association, articles of incorporation, or other document authorizing its formation;

2. A copy of the bylaws or other code of regulations under which the organization operates or plans to operate;

3. A complete statement of assets and liabilities as of the end of each annual accounting period (or as of the date of the filing of the application, if the organization has been in existence for less than a year);

4. A statement of receipts and expenditures for each annual accounting period (or for the period for which the organization has been in existence, if less than a year);

5. A written statement showing:

(a) The character, purposes, and activities (present or proposed) of the organization;

(b) Whether the organization maintains a common or community treasury;

(c) Whether all members of the organization live in a communal manner;

(d) Whether the members may own, in their own names, any real or personal property;

(e) Whether the members must furnish their own support (food, clothing, and shelter); and

(f) The requirements for membership, method of admission of members, the right of members to property owned at the time of admission, and the rights of those terminating membership to share in the property of the organization, or to a return of any property contributed.

.02 The written statement must be signed by a principal officer of the organization and contain the following declaration, or a declaration of like import: 'Under penalties of perjury, I declare that I have examined this application, including accompanying statements, and to the best of my knowledge and belief it is true, correct, and complete.'

SEC. 4. EFFECT ON OTHER DOCUMENTS

Revenue Procedure 68-24, C.B. 1968-2, 908, is superseded.

SEC. 5. EFFECTIVE DATE

This Revenue Procedure is effective January 3, 1972, the date of its publication in the Internal Revenue Bulletin.