Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

IRS

Date:
05/05/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202631011
Release Date: 7/31/26
UIL Code: 501.26-00

Dear :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(d). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437
Redacted Letter 4034
Redacted Letter 4038

Department of the Treasury
Internal Revenue Service

IRS

Date:
03/17/2026

Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

UIL:
501.26-00

Legend:
B = State
C = Date
D = Entity Type
E = Church
F = Individual
G = Religion
H = Individual
J = Type
K = Position
M = Position

Dear :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(d). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues
Do you qualify for exemption under IRC Section 501(d)? No, for the reasons stated below.

Facts
You were incorporated in the state of B on C. Your Articles of Incorporation state that you are the D of the E and are commissioned to teach, train, and empower its members for D ministry, global leadership, and service following the tenets of F.

You state that you conduct ongoing training, teaching, and empowerment work related to E. You operate under the commission of E to equip members for D ministry, develop global leadership, and ensure faithful service in accordance with the teachings of F. Through these activities you achieve several important objectives, including instilling a love and appreciation for the history and traditions of G, honoring the memory of H, fostering loyalty to leadership, promoting evangelism, and providing systematic training in stewardship, governance, and church growth. In addition, your activity advances education, supports J institutions, and strengthens fellowship across the connection while integrating modern technology and best practices in church operations.

Your activities are conducted under the leadership of your K and your M, who ensure that programs are properly structured, interactive, and accessible for all members. Your training sessions and gatherings are hosted both virtually through Zoom and in person, offering flexibility that accommodates a wide range of participants.

You state that your activities strengthen the capacity of your members to serve effectively in ministry roles, participate in leadership within the church, and advance the holistic mission of the E by expanding training opportunities and equipping believers with both spiritual and practical knowledge. You ensure that your members are fully prepared to engage in transformative ministry within their congregations, communities, and throughout the global connection.

You indicate on Schedule L of Form 1024:

- You are not organized for the purpose of operating a communal religious community where members live a communal life following your tenets and teachings.
- You do not maintain a common or community treasury.
- All of your members do not live in a communal manner.
- Your members are permitted to own, in their own names, real and/or personal property.
- Your members are required to furnish their own support (food, clothing, and shelter).
- Membership is entirely voluntary and requires only active participation in a D organization within their local church.

You are primarily funded by donations and the large majority of your expenses are directly related to these activities.

Law

Section 501(d) establishes four requirements for exemption:

- The organization must be a religious or apostolic association or corporation.
- It must maintain a common treasury or community treasury.
- It engages in a business for the common benefit of its members.
- Its members include in their gross income as dividends received their entire pro rata share of the organization's taxable income for the year, whether or not such income is actually distributed to them.

Revenue Ruling 57-574, 1957-2 C.B. 161, describes religious or apostolic organizations exempt under IRC Section 501(d) as those organized for the purpose of operating a communal religious community where the members live a communal life and follow the tenets and teachings of the organization. The organization's property is owned in community, and activities typically consist of farming or manufacturing items for sale. Income is typically derived from contributions and the sale of manufactured items and is held in a common or community treasury used to defray the costs of communal living. Each member, upon joining, completely surrendered to the organization all property the member may possess at the time, and, upon leaving the organization, is entitled to no part of the group assets.

Rev. Rul. 78-100, 1978-1 C.B. 162, states that a communal religious organization that was formed to promote the tenets and practices of a particular church, but did not conduct any internally operated business activities, and was supported by the wages earned by some of its members from outside employment, did not qualify for exemption under IRC Section 501(d).

Twin Oaks Community, Inc. v. Commissioner, 87 T.C. 1233 (1986), discussed the legislative history and purpose of IRC Section 501(d), which is to provide tax relief by eliminating the corporate level of taxation and leaving a single tier of individual tax for organizations that qualify for exemption under Section 501(d). The Tax Court quoted an opinion of the Ninth Circuit that the only requirements for the exemption are that there be a common treasury, that the members of the organizations include pro rata shares of organization income when reporting taxable income and, implicitly, that the organization have a religious or apostolic character.

Application of law

You are not described in IRC Section 501(d) because you do not operate in a manner that meets the basic requirements to qualify for exemption as a religious or apostolic organization under Section 501(d).

You are not described in Rev. Rul. 54-574, because you are not operating a communal religious community where members live a communal life following your tenets and teachings. Your property is not owned in community, and you do not conduct internally supported business activities of which any income derived is placed into a community treasury.

You are similar to the organization described in Rev. Rul. 78-100 because, as previously stated, you are not supported by any internally operated business activities in which all the members have an individual interest; rather, you are supported by donations or contributions from outside sources to support your religious education activities. While your activities may have religious aspects, the presence and/or practice of religious beliefs or activities is not sufficient to meet the requirements for exemption under IRC Section 501(d).

You are unlike the organization in Twin Oaks Community, because you do not have a common treasury, nor do you have and maintain a communal lifestyle for your members or maintain any internally operated businesses, as required for exemption under IRC Section 501(d). The presence or practice of religious beliefs or activities alone is not sufficient to meet the requirements for exemption under Section 50l(d).

Conclusion

Based on the information you provided, you do not qualify for tax-exempt status as an organization described under IRC Section 501(d). You do not maintain a common or community treasury, nor do you operate a business for the common benefit of your members. Your members do not belong to a communal religious community nor live a communal life. Therefore, you are denied federal tax exemption under Section 50 l (d).

If you agree

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position

- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

  For an officer, director, trustee, or other official who is authorized to sign for the organization: Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest
Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

<u>U.S. mail:</u>

Internal Revenue Service
EO Determinations Quality Assurance
Mail Stop 6403
PO Box 2508
Cincinnati, OH 45201

<u>Street address for delivery service:</u>

Internal Revenue Service
EO Determinations Quality Assurance
550 Main Street, Mail Stop 6403
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

Contacting the Taxpayer Advocate Service
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't

been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements