

USCCB GROUP RULING – FREQUENTLY ASKED QUESTIONS

1. *What is the USCCB Group Ruling?* The United States Conference of Catholic Bishops (“USCCB”) is the central organization holding a group tax exemption under section 501(c)(3) of the Internal Revenue Code [GEN 0928]. The USCCB Group Ruling establishes that Catholic organizations in the U.S. that are listed in the current edition of the Official Catholic Directory are recognized as exempt from federal income tax under section 501(c)(3) of the Code.

2. *When was the USCCB Group Ruling first issued?* IRS issued the first Group Ruling to the predecessor organization of USCCB in 1946. IRS has reaffirmed the Group Ruling annually with respect to Catholic organizations listed in the current edition of the Official Catholic Directory.

3. *Are contributions to organizations included in the USCCB Group Ruling deductible?* Yes, contributions to organizations included in the USCCB Group Ruling are deductible as charitable contributions for federal income, estate, and gift tax purposes.

4. *Are organizations included in the USCCB Group Ruling classified as public charities?* Yes, the USCCB Group Ruling confirms that organizations covered under its provisions are recognized as public charities under section 509(a) of the Internal Revenue Code, but does not specify the subsection of section 509(a) under which they are classified because all covered organizations are not classified under the same subsection. Although USCCB is classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(i) of the Code, USCCB’s classification does *not* extend to organizations covered under the Group Ruling. Each organization covered under the USCCB Group Ruling must establish its own public charity classification under sections 509(a)(1), 509(a)(2) or 509(a)(3).

5. *How can I determine my organization’s public charity classification under section 509(a) of the Code?* At the time your organization qualified for inclusion in the USCCB Group Ruling, it would have filed an application indicating the subparagraph of section 509(a) under which it qualified. Your organization should check its copy of that application to verify its public charity classification. If your organization is a Form 990 filer, you should check the Form 990, which requires your organization to verify its public charity classification. For further information, your organization should consult its own tax advisor.

6. *Why is my organization’s specific public charity classification important?* As a result of new requirements imposed by the Pension Protection Act of 2006 with respect to private foundation grants to section 509(a)(3) supporting organizations, private foundations are not likely to be willing to rely solely on

the USCCB Group Ruling in their grantmaking decisions. Private foundations are likely to request more specific documentation of public charity status under sections 509(a)(1), 509(a)(2), 509(a)(3)-Type I, 509(a)(3)-Type II, or 509(a)(3)-Type III-functionally integrated.

Certain types of organizations included in the USCCB Group Ruling qualify as public charities by definition under the Internal Revenue Code:

- churches and conventions and associations of churches under sections 509(a)(1) and 170(b)(1)(A)(i) [this category generally is limited to dioceses, parishes, religious orders, and state Catholic conferences];
- elementary and secondary schools, colleges and universities under sections 509(a)(1) and 170(b)(1)(A)(ii); and
- hospitals under sections 509(a)(1) and 170(b)(1)(A)(iii).

Other organizations covered under the USCCB Group Ruling may qualify under the public support tests of either sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2). Verification of public charity classification under either of the support tests generally can be established by providing a written declaration of the appropriate classification signed by an officer of the organization, along with a reasoned written opinion of counsel and a copy of the support test portion of Form 990, if applicable. A section 509(a)(3) organization included in the USCCB Group Ruling also may be able to rely upon a written declaration of the applicable supporting organization classification signed by an officer of the organization, along with a reasoned written opinion of counsel and Form 990, if applicable, to satisfy foundation grantors of their Type I, Type II, or functionally integrated Type III supporting organization status. Because public charity classifications can be technical and complex, organizations should consult their own tax advisors.

7. Does the USCCB Group Ruling exempt my organization from sales tax? No. In order to qualify for state or local sales tax exemption, an organization is generally required to file a separate application with the appropriate jurisdiction.

8. How does an organization prove that it is exempt under the USCCB Group Ruling? An organization included in the USCCB Group Ruling does not receive an exemption determination letter from IRS. Rather, it relies on two documents to prove that it is exempt under the USCCB Group Ruling: (1) a copy of the current USCCB Group Ruling letter; and (2) a copy of the page from the current edition of the Official Catholic Directory on which it is located. [See

IRS Publication 4573, *Group Exemptions*, <http://www.irs.gov/pub/irs-pdf/p4573.pdf>, at p. 4]

9. *Is the Official Catholic Directory available online?* No, the Official Catholic Directory is not available online.

10. *How can I purchase a copy of the Official Catholic Directory?* The Official Catholic Directory is available for purchase directly from its publisher by contacting 1-800-473-7020. The operator will answer “Marquis Who’s Who”; follow the prompts to customer service.

11. *My organization is included in the Official Catholic Directory but is not listed in IRS Publication 78. Does this mean my organization is not tax-exempt?* No. Organizations included as subordinates in group tax exemptions generally do not appear in IRS Publication 78. [See IRS Publication 4573, *Group Exemptions*, <http://www.irs.gov/pub/irs-pdf/p4573.pdf>, at p. 4]

12. *How does an organization get included in the USCCB Group Ruling?* An organization seeking inclusion in the USCCB Group Ruling should complete and submit the *Application for Inclusion in the USCCB Group Ruling* to the Chancery Office of the diocese in which its principal office is located. Since the identity of the diocesan official charged with responsibility for reviewing applications for inclusion in the OCD varies from diocese to diocese, the applicant organization should call the Chancery to determine to whom its application should be directed.

13. *My organization filed a Form 1023 with IRS, but IRS denied tax-exempt status. Can my organization get exemption through the USCCB Group Ruling?* No. An organization that has been denied section 501(c)(3) status by IRS is not eligible for inclusion in the USCCB Group Ruling.

14. *When is inclusion in the USCCB Group Ruling effective?* An organization’s inclusion in the USCCB Group Ruling generally is effective on the date of the letter confirming its inclusion issued by the diocese to which the organization made application. However, if the organization is approved for inclusion in the USCCB Group Ruling within 15 months of the date of its incorporation or formation, its tax exemption will relate back to the date of incorporation or formation.

15. *My organization was approved for inclusion in the USCCB Group Ruling between annual publications of the Official Catholic Directory. How can it establish that it is covered under the USCCB Group Ruling?* Your organization may rely on the approval letter issued by the diocese to which it made application for inclusion in the USCCB Group Ruling. This letter constitutes

evidence of tax-exempt status in the interim until publication of the next edition of the Official Catholic Directory.

16. Is my organization exempt from filing annual Form 990 because it is included in the USCCB Group Ruling? There is no automatic exemption from the annual Form 990 filing simply because your organization is included in the USCCB Group Ruling. Each organization covered by the USCCB Group Ruling is required to file annual Form 990 unless it qualifies for a statutory or discretionary exemption. These exemptions are discussed generally in the Group Ruling explanation found at www.usccb.org/ogc. Your organization should consult its own tax advisor for an analysis of its Form 990 filing obligations.

17. May an organization covered under the USCCB Group Ruling file a group Form 990 for itself and its affiliate organizations? No. An organization covered under the USCCB Group Ruling may *not* file a group Form 990 for itself and its affiliate organizations. Only the central organization of a group ruling has the authority to file a group Form 990. USCCB is the central organization of GEN 0928. Only USCCB would be authorized to file a group Form 990 on behalf of GEN 0928. However, USCCB does not file Form 990 on a group or individual basis.

18. How does an organization withdraw from the USCCB Group Ruling? In order to withdraw from the USCCB Group Ruling, an organization must send two written notifications, one to the USCCB Office of General Counsel and one to the Chancery Office of the diocese under which the organization is listed. Each notification should: (a) request withdrawal from the USCCB Group Ruling and deletion from the next edition of the Official Catholic Directory; (b) indicate the effective date of withdrawal; and (c) include the organization's employer identification number ("EIN"). The diocese will ensure the organization's deletion from the Official Catholic Directory, and USCCB will report the organization as deleted in its next submission to IRS.