

**Internal Revenue Service**

Department of the Treasury

Index Numbers: 1402.05-00 3121.02-08 Washington, DC 20224  
3401.02-01

Number: **199937013**  
Release Date: 9/17/1999

Person to Contact:

Telephone Number:

Refer Reply To:  
CC:EBEO:5 - PLR-106254-99  
Date:

June 14, 1999

Key

X =

Y =

Church =

Dear Sir or Madam:

This is in response to your letter dated March 4, 1999, and subsequent correspondence, in which X requested a ruling that Y constitutes a "religious order" for federal tax purposes.

The information submitted discloses that X is a nonprofit organization that exists for the purpose of propagating the gospel of Jesus Christ. It has received a determination from the Internal Revenue Service that it is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. X has also been recognized by the Service as an ordaining institution and has a group exemption letter from the Service. X operates Y to carry out the goals of X. Y is under the control and supervision of Church. Church is the mother church of the numerous churches operating under X. Church and other churches operated under X provide the funding of Y.

Prospective members of Y go through a six year training program and a probationary period before they are admitted as members. The training program includes 15 hours of instruction per week, daily prayer and study, and daily participation in the ministry. Members are held to a strict level of moral and spiritual discipline which requires daily prayer and communion with other members and prohibits the ownership of material possessions. They pledge to work full-time on behalf of X for the rest of their lives during which time their lives are not their own but are to be separated sacrificially and entirely in dedication to the goals of X. They are to live their lives in servitude and in obedience to all the commands of God.

Members reside within two miles of Church in parsonages owned by Church. There, the members conduct themselves as a community by participating daily with

each other in the spiritual disciplines of prayer, study, and communion. Members give themselves continually to prayer, study, teaching, counseling, care of the weak, missionary work, and evangelism.

Revenue Procedure 91-20, 1991-1 C.B. 524, states that the Service will use the following characteristics in determining whether an organization is a religious order:

1. The organization is described in section 501(c)(3) of the Code.
2. The members of the organization vow to live under a strict set of rules requiring moral and spiritual self-sacrifice and dedication to the goals of the organization at the expense of their material well-being.
3. The members of the organization, after successful completion of the organization's training program and probationary period, make a long-term commitment to the organization (normally more than two years).
4. The organization is, directly or indirectly, under the control and supervision of a church or convention or association of churches, or is significantly funded by a church or convention or association of churches.
5. The members of the organization normally live together as part of a community and are held to a significantly stricter level of moral and spiritual discipline than that required of lay church members.
6. The members of the organization work or serve full-time on behalf of the religious, educational, or charitable goals of the organization.
7. The members of the organization participate regularly in activities such as public or private prayer, religious study, teaching, care of the aging, missionary work, or church reform or renewal.

Y possesses all the characteristics in Rev. Proc. 91-20 to a substantial degree. Accordingly, based on our consideration of all the facts and circumstances, we conclude that Y is a religious order for federal tax purposes.

No opinion is expressed on the tax consequences of the above transaction under any other section of the Code.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of

the Code provides that it may not be used or cited as precedent.

Sincerely,

Paul Accettura,  
Senior Technical  
Reviewer, Branch 5  
Office of the Associate  
Chief Counsel  
(Employee Benefits and  
Exempt Organizations)

Enclosure

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