

# Time for Church in America to Pay Taxes and Give to God What Belongs to God?

**FOR DECADES US BISHOPS AND PASTORS** have celebrated American democracy, tolerance, and religious freedom, and have rightly shown their good will by refraining from political critique in a spirit of reconciliation and peace – it is American tolerance after all that permitted the church to grow in a non-Catholic nation often hostile to its being here. Thanks to America's respect for rights and liberties extended to all people, races, creeds and faiths, the church has experienced significant growth including the expansion of Catholic schools colleges and universities unmatched anywhere else in the world.

American Catholic integration and acceptance has led to a broad scale acceptance of Catholics as a warf in the American fabric; we now have a Catholic Vice-President and minority leader of the House of Representatives as well as a Vice Presidential candidate and former Speaker of the House and several justices serving on the supreme court etc. etc. The church, however, has paid quite a price for its acceptance: Out of thankfulness, respect and reciprocity for the gift religious freedom, the church has often acquiesced and remained silent to political machinations that run contrary to the sacred deposit of faith.

It is one thing to embrace error out of love and thankfulness for all the good showered upon the church by this nation and another to embrace error with false-love motivated by a spirit of fear or unwillingness to offend the feelings of our host when its political leaders smear the Catholic Church from the

mountains to the oceans because they have been good to us in the past – what have you done for us lately?

American Catholics would be poor citizens and poor human beings if they failed in their affection for the homeland, if they failed in thankfulness and gratitude. However, no matter how much respect, reverence and gratitude is owed to this country, much more is owed to God who died for all of us. It is clear *America did not die for Catholics*, but *Catholics have died for America* (in every war in which the nation has been entangled). Jesus Christ, however, the second Person of the Holy Trinity, did give His life out of love for His church –His love is simply greater than any love America might have showered on its faithful Catholics.

Thus, when a conflict arises between God's Law and America's Law, it is clear where our first loyalties belong – not only Catholics but all Christians and men and women of good will. No American should be perplexed by this idea; it is enshrined in [Article Six of the US Constitution](#), the "Supremacy Clause" clearly states that some laws are superior to others; in this case, the *federal laws are superior to state laws*. Similarly, *God's laws are superior to federal laws* and when they conflict, God's laws must be upheld as superior. If we fail in this regard, we fail in our love of God and take the first step on the long road to divinizing the state as many Americans have often done.

To be very clear, the American Catholic response to its American host has been cordial, proper, and polite – the correct response. However, when the host seeks "legally" to silence the Church, to refuse it a political voice, to bound and gag her, it steps beyond its role of gracious host and begins to act the part of a tyrant contrary to its own professed love of democracy, human dignity and religious freedom. The issue being introduced here is *not* one of friendliness, cordiality and thankfulness, which we owe to America; it is one of fidelity to God that America has sought

to bound and gag through use of its taxing power

Every bishop, pastor and clergyman , is the beneficiary of an IRS promise not to tax the collection basket if and only if, all church personnel, esp. bishops and pastors, refrain from making political comments, critiques, advocacy or statements contrary to prevailing law. The Catholic church has accepted this imposed limit because of the amount of wealth that is protected from tax confiscation. To be hypothetical, if the church is gifted with \$100 million a year in offerings from the faithful at least \$ 20 million is saved from the tax rolls and put to work on Catholic projects: social care, health care, missionary work, education, catechesis, and ministries of all sorts. This is a practical consideration but not always a wise one.

### **Short History on Tax Exempt Status as a 501 c3 Organization**

Registering a church as a 501 c3 tax exempt organization did not begin until 1954 when Senator Lyndon B. Johnson (a proponent of the anti-Christian liberal agenda) pushed for the addition of churches to section 501c3 of the 1954 Tax Code. In this way, Johnson hoped to stealthily reduce the impact of the US Bishops and Protestant church leaders on public policy. Although church leaders have tended to view this political move by Johnson as some type of favor; like all political favors, it has come with significant strings attached. but

*“For a 501 c3 church to openly speak out, or organize in opposition to, anything that the government declares ‘legal,’ even if it is immoral (e.g. abortion, homosexuality, same sex marriages, etc.), that church will jeopardize its tax exempt status. The 501 c3 has had a ‘chilling effect’ upon the free speech rights of the church. LBJ was a shrewd and cunning politician who seemed to well-appreciate how easily many of the clergy would sell out.” Peter Kershaw, In Caesar’s Grip*

Tax exempt status has become a sacred shibboleth, but does the church have to seek permission from the government to be tax exempt? Prior to the 1954 addition of churches to the tax code, churches were already exempt; *churches were never taxed in America.*

To be eligible for tax exemption a corporation must submit IRS Form 1023, but some corporations are excused from this requirement. According to [IRS Publication 557](#), churches are “exempt automatically.”

*“Churches, interchurch organizations of local units of a church, conventions or associations of churches, or integrated auxiliaries of a church, such as a men’s or women’s organization, religious school, mission society, or youth group.... These organizations are **exempt automatically** if they meet the requirements of section 501(c)(3)” ([IRS Publication 557](#)).*

The churches did not need the 1954 exemption to excuse them – they were already exempt. The 1954 code has worked to bind them under the guise of a favor.

The church, moreover, does not need a “501c3 tax-exempt recognition letter” from the IRS for a contribution from a donor to be tax deductible. According to [IRS Publication 526](#):

*“You can deduct your contributions only if you make them to a qualified organization. Most organizations, other than churches and governments, must apply to the IRS to become a qualified organization.”*

*“A church does not have to be a “nonprofit charitable organization” to be tax deductible, nor does it need IRS authorization to be tax deductible. According to the IRS, [churches have that status “automatically.”](#)”*

This idea extends far back into human history. As early as 460 BC Artaxerxes, King of Persia, decreed that the priests of the Lord should not be taxed:

*"Also we certify you, that touching any of the priests and Levites, singers, porters, Nethinims, or ministers of this house of God, it shall not be lawful to impose toll, tribute, or custom, upon them" (Ezra 7:24).*

Many bishops, pastors and clergy have accepted government bestowal of tax exemption upon them as if the government somehow possesses a divine mandate to tax the church; and as such have interpreted the 501 c3 exemption as a gift, which somehow justifies their failure to speak out about political issues because to question the liberal agenda would entail a loss of their tax exempt status. This ruse has gone far enough. It is clear that the inducement to save collection money from the bite of taxes is not a valid argument, but often used (though not always) as an excuse for lack of proper zeal under the guise of episcopal prudence.

*"What will it profit a man if he gains the whole world and forfeits his soul" [\(Mark 8:36\)](#)?*

Mark is advocating courage to live the faith, the kind of courage necessary to forego saved tax dollars and to advance the cause of the soul – the leadership we expect and now need from our bishops.

Money is not a valid reason to bind the moral and spiritual tongue of the Church. ["No one can love both God and money"](#)

First, Jesus did tell us to "Render therefore to Caesar the things that are Caesar's" [\(Mark 12:17\)](#). The verse continues; Jesus also told us to render to God "the things that are God's." Clearly, there is a distinction between God and Caesar, between the Church and the state. At no time did Jesus subordinate the church to the state. What is owed to each is different. *We are not to render to the state things that belong to God!*

Since the state does not possess authority over the church, the church does not have to apply for exemption from income

taxes, something it did not do until 1954 in a cunning move by the state to gain control over the church.

Jesus instructs us to give to Caesar what belongs to Caesar and to God what belongs to God. Money, clearly belongs to the state – it has the name of the state printed on it –it is issued by the state and legal tender of the state; therefore it belongs to the state and the church should gladly give it to the state. The truth in love however belongs to God, and the Church owes this debt to its Lord. When we fail, to speak the truth in love in the Lord's name, we fail in our responsibility toward God and neighbor.

Only a “sovereign” power, such as the state, possesses authority to impose a tax. This power however extends only to the citizens or subjects of the sovereign. The state is sovereign over the polity but it is *not* sovereign over the church of which Christ is the Head. Therefore, the state does not possess authority to tax the Church (as Jesus indicated to Peter). **If the state did possess the authority to tax the church, the church would be subordinate to the state rather than to Christ.** Nonetheless, Christ instructs Peter to pay taxes imposed by the state *not* out of legal necessity but voluntarily for conscience sake to avoid scandal:

*Let no man seek his own, but that which is another's. Whatsoever is sold in the shambles, eat; asking no question for conscience' sake. The earth is the Lord's, and the fulness thereof. If any of them that believe not, invite you, and you will be willing to go; eat of any thing that is set before you, asking no question for conscience' sake” (1 Corinthians 10:24-28).*

Thus when Peter was asked to pay the temple tax, Jesus told him that he was exempt but to pay it nonetheless for the sake of his neighbor's conscience and to avoid scandal.

*And when they were come to Capernaum, they that received the*

*didrachmas, came to Peter and said to him: Doth not your master pay the didrachmas? He said: Yes.*

*When he came into the house, before he had time to speak, Jesus asked him, "What is your opinion, Simon? From whom do the kings of the earth take tolls or census tax? From their subjects or from foreigners?" When he said, "From foreigners," Jesus said to him, "Then the subjects are exempt. But that we may not offend them, go to the sea, drop in a hook, and take the first fish that comes up. Open its mouth and you will find a coin worth twice the temple tax. Give that to them for me and for you" (Matthew 17:24-27).*

Clearly, there is a distinction being made among sons, subjects and foreigners. The tax was for the Temple of Yahweh, the Father of Jesus. Jesus being the Son of the Father is exempt as are the subjects of His Kingdom. Nonetheless, Jesus instructs Peter to pay double the tax (see note a below), not just for himself but also for Christ, the King of kings. This example is to serve as a standard for the conduct of the church in paying taxes imposed by the state.

*Simply stated, the church should pay its taxes even though exempt because that is what Jesus did and what he instructed Peter to do.*

This reasoning is all the more binding because not paying taxes has bridled the church and its ability to teach, condemn when necessary, correct erring politicians, and to take a clear stand providing direction in presidential and other elections. The result is scandal among the faithful – the scandal that Jesus warned Peter to avoid by paying the temple tax. The US Income tax is imposed by law; it has nothing to do with works of God. 501 cs corporations are not excused from the tax because they do works of God but because they engage in charitable works recognized by the government. The government does not engage in building the kingdom of God; all

of its taxes are for secular purposes. Thus there is nothing that the government does which the church should be excused from. The 501 c3 exemption is offered by the state to those who qualify. The price, however, for accepting the exemption is silence about political matters. The church does not owe the state silence in the face of moral aberrations or spiritual dangers, but it does as the “pillar and support of truth” ([1 Timothy 3:15](#)) owe fidelity to the truth and the laws of God, the author of truth. In a sense, the federal income tax exemption is a type of bribe to bind the mouth of the church. It is not mandatory; the church does *not* have to accept it. By rejecting the inducement, the church would lose money but would also be free to speak the truth as it should and not be chained by its desire or need for money.

Beside the story about Peter and the fish show us Jesus miraculously supplying His Church with the money it needs to pay the tax.

A colonial, preacher by the name of [Isaac Backus \(September of 1775\) understood the issue](#) and subsequently preached a sermon to the Massachusetts Assembly wherein he indicated that tax exemption is not a favor granted by the government.

*“Yet, as we are persuaded that an entire freedom from being taxed by civil rulers to religious worship is not a mere favor from any man or men in the world but a right and property granted us by God, who commands us to stand fast in it, we have not only the same reason to refuse an acknowledgment of such a taxing power here, as America has the abovesaid power, but also, according to our present light, we should wrong our consciences in allowing that power to men, which we believe belongs only to God.”*

Admonishing the sinner is a spiritual work of mercy, as is the mandate to counsel the doubtful, such as counseling the many Catholics who are unsure which way to turn. These are works for which failure we will be judged. The episcopal



argument about loosing tax exemption is not one made by Jesus, the “Good Shepherd”. Since it has become increasingly clear that the debt Catholics owe to America for its offering the church freedom and room to grow *does not extend* to abdication of the faith when it is so overtly challenged, ridiculed, belittled and smeared in the public arena by a state which has chosen an LGBT liberal agenda that flies in the face of God, it is now time for the bishop and clergy to stand in faith and voice the Gospel in truth and love so that the flock will follow them into green pastures.

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#### **NOTE**

a) The “stater” is a Greek coin worth two double drachmas. Two double drachmas were the equivalent of a Jewish shekel (the tax was a half-shekel).