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CC:TEGE:EOEG:EO1 - PLR-112928-00
Date:
November 2, 2000

X =

State =

n =

Dear Sir or Madam:

This is in response to an April 10, 2000, ruling request, submitted on behalf of X by its authorized representative, concerning the status of X as a "religious order" for purposes of sections 1402(c)(4), 3121(b)(8), and 3401(a)(9) of the Internal Revenue Code. X is a nonprofit corporation organized under the laws of State.

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 religious discipline than that required of lay church members.

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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.

The following is an analysis of the above characteristics as they apply to X.

1. 501 (c)(3) status. X obtained a determination letter from the Service stating that it was exempt from taxes under section 501(c)(3) of the Code.

2. Vows. All members of X are required to sign a Spiritual Covenant setting forth the sacrifices and commitments that each member is required to make. The Covenant and X's policies reflect the requirements of simplicity of lifestyle and dependence upon God, moral purity, and submission to godly authority. In the Covenant the member agrees to adhere to X's Statement of Faith, and to abide with the principles and the policies of the mission. X has strict standards for moral discipline. For example, X requires virginity for all non-married members and monogamy for all married members. Anyone who commits adultery, fornication, or a homosexual act will automatically be terminated from membership. Any member wishing to marry a non-member may enter into an engagement, but if the prospective spouse is not suitable for or otherwise not accepted into membership of X by the time of marriage, the existing member must resign.

X's financial policies illustrate that members are committed to a simple and sacrificial lifestyle. Members are not guaranteed salaries and X undertakes no fundraising for the support of its members. Instead, members are expected to share information about their ministry and financial needs with churches and individuals in order to raise money for their support. All money received for the support of members is pooled together by ministry field. X then determines a support figure or living allowance for members which is designed to provide parity of living in the different geographical fields.

3. Commitment X has an extensive application process and training program. An applicant is expected generally to have theological, professional, or technical training beyond high school for the ministry or work anticipated. Sound knowledge of the scriptures is expected, with a preference for formal Bible instruction. The members involved in church planting are expected to have completed Bible school, seminary training, or a college with a Bible curriculum. If an applicant's formal training is deficient, on-field training is furnished. Prospective members are also required to

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participate in a two-week training program called the Candidate Orientation Program in which they learn X's principles and practices, as well as its spiritual and financial policies. All members are required to participate in a three-week training program called the Members Orientation Program during which members learn X's strategies for planting churches among the under-reached communities worldwide, how to live cross culturally, and how to acquire skills in developing interpersonal relationships. Once new members arrive at their department of service, they must participate in an intensive language and culture study program that usually takes two years to complete. The vast majority of all members have made a lifetime commitment to serve X. The average attrition rate since 1990 is n percent and the average years of service for senior members is over 10 years.

4. Church-controlled. X has significant church relationships but, because of the interdenominational nature of X, it is not directly regulated by any one church body. Nevertheless, local churches and individual members of those churches are largely responsible for the financial support of X. All members of X must be members in good standing of a local Christian church. X works closely with local churches and several denominations in selecting member candidates. An applicant's home church must commission, ordain, or license the applicant to serve with X. Most churches require members of X to provide them with regular reports of their ministry activities.

5. Community. Like many religious orders, X is a centralized body operating with a number of regional units internationally. Within each region, there are several smaller units known as areas or fields. This structure allows X to meet its challenges throughout the world and further promotes a sense of community amongst members. Spiritual disciplines such as daily Bible reading and ministry activities are conducted on a regular basis. Members of X often live within close proximity to one another in housing provided by X. It is the policy of X not to send a member or family to work alone in an area of a country.

6. Full-time service. Members work full-time to further the goals of X. Members may not engage in outside employment for remuneration without permission. Permission will be granted if (1) unusual financial hardship exists; (2) the employment is ministry related; or (3) the employment is required to attain professional skills or training needed for certification. All such income is given back to X and distributed according to its financial and support policies.

7. Type of Activities. X's members engage in a number of activities to further the goals of X. These activities include (1) evangelism and church planting; (2) prayer and religious study; (3) teaching; (4) Bible teaching; (5) social concerns, such as aid for the poor and homeless and during natural disasters; and (6) publication and distribution of Christian literature and the Bible.

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With respect to those characteristics set forth in Rev. Proc. 91-20, X does not meet characteristic number 4. X is not, either directly or indirectly, under the control and supervision of a single church or convention or association of churches, and it is not significantly funded by a single church or convention or association of churches. The fact that churches independently provide X with significant financial support and have some influence over X's policies does not satisfy this requirement.

However, X possesses all the other characteristics in Rev. Proc. 91-20 to a substantial degree. Accordingly, based on our consideration of all of the facts and circumstances, we conclude that X is a religious order for purposes of sections 1402(c)(4), 3121(b)(8), and 3401(a)(9) of the Code.

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

Pursuant to the power of attorney on file with this office, we are sending a copy of this letter to X's authorized representative.

This ruling is directed only to the taxpayer that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

Sincerely,
Paul Accettura,
Senior Technician Reviewer
Exempt Organization Branches
Office of Division Counsel/
Associate Chief Counsel
(Tax Exempt and Government
Entities)

Enclosure
Copy for section 6110 purposes