

2017 Renewal of Maryland Sales and Use Tax Exemption Certificates

Guidance to Local BWC Churches
July 2017 (Rev 2)

Maryland Churches received Renewal Notices in the mail in early June to renew their Non-Profit Sales and Use Tax Exemption Certificates. Incorporated churches will register on-line and churches that are not incorporated will need to request a paper application. Please see the details below for each scenario:

Instructions for Incorporated Churches

Applications for renewals are filled out at the following website and they must be submitted by August 1, 2017. Certificate renewals are performed every 5 years in Maryland.

<https://interactive.marylandtaxes.com/bServices/EOR/Home.aspx>

Below are the directions on how churches can complete Page 2 of the online sales tax exemption renewal for Maryland. Please read this carefully to avoid confusion.

The screenshot shows the 'EOR: Renew' form on the Maryland Tax website. The form is divided into several sections: 'Organization Physical Address', 'Organization Maryland SDAT Information', and 'Organization Non-Profit Categorization'. Red arrows point to specific fields with numbered instructions:

- 1) Click the (?) and find your SDAT Dept. ID (pointing to the SDAT Dept. ID field)
- 2) Choose "Yes" (pointing to the 'Is Organization Religious?' radio button)
- 3) Choose 501(c)(3) from the drop down menu (pointing to the 'Non-Profit Classification' dropdown)
- 4) Choose "No". An explanation of why is provided below. (pointing to the 'Does the Organization Derive Its Non-Profit Status From A Parent Organization?' radio button)

The form includes a 'Next' button and a 'Back' button at the bottom. The footer contains copyright information and links for 'Contact Us', 'Your Rights as a Taxpayer', and 'Privacy Policy'.

Explanation: According to 26 U.S.C. 508(c)(1)(a), churches do not have to obtain recognition of 501(c)(3) status by applying directly to the IRS. In other words, churches have 501(c)(3) status automatically and so it is accurate to select "No" for the last radio button. Because churches automatically have 501(c)(3) status, they also do not have to apply for inclusion in the group exemption. Often donors and grantors want (1) evidence that an organization claiming to be a church is in fact a church and (2) documentation of tax exempt status for their records. The group ruling provides this verification for donors and grantors, which is why the letter is often helpful despite not being needed to obtain 501(c)(3) status.

Instructions for Churches that are NOT Incorporated

Per the FAQ's found on-line with the Maryland Sales and Use Tax Exemption Certificate Renewal Application:

Question #8: My organization is not incorporated and is not required to be registered with SDAT. How do I renew my organization's exemption certificate?

Answer: You must request a paper application be mailed to you by contacting Taxpayer Services at 410-260-7980 or 1-800-MD-TAXES. Once you receive the paper application, you must submit the paper application and a copy of your organization's organizing documents by mail to:

**Comptroller of Maryland
Revenue Administration Division
PO Box 2998 – SUTEC Renewal
Annapolis, MD 21404-2998**

Unincorporated UM churches which have not adopted a separate set of bylaws should provide a copy of paragraphs 243-258 from the Book of Discipline to satisfy the requirement to submit organizing documents.

Similar to the on-line applications, the paper applications must be submitted by August 1, 2017.

Please contact the Conference Finance Office at 410-309-3400 should you have problems with this application.