

Diocese of Dallas
Policy on Tax Exemptions

“**Entity**” means any diocesan entity (parish, parochial school, diocesan high school, seminary, Catholic Charities of Dallas, Inc., St. Joseph’s Residence, Inc., Texas Catholic Newspaper, Calvary Hill Cemetery, etc.).

Federal

The Diocese and the Entities are exempt from federal income taxes under the IRS Group Ruling for the Catholic Church in the United States. That ruling refers to certain entities listed in the Official Catholic Directory (“OCD”), sometime referred to as the “Kennedy Directory.” The Group Ruling and the OCD are each updated and published annually, but not at the same time.

This federal exemption also means that contributions to the Diocese or any Entity are deductible by the donor.

A copy of the most recent Group Ruling and a copy of the Diocese of Dallas section of the OCD can be obtained as needed from the office of the Chief Financial Officer of the Diocese.

In spite of the exemption for charitable and religious activities, each Entity (except parishes, parochial schools and diocesan high schools), may be required to file Form 990 annually with the IRS.

Any Entity and the Diocese may also be required to file Form 990-T with the IRS, and possibly pay federal income tax, if there are certain types of revenues received by the Entity. Common types are advertising revenues, oil and gas working interest income (but not royalty income), rental income from personal property, rental income from real estate (if there is mortgage debt on the property), etc.

Entities should consult with the Business Office of the Diocese about Form 990 and Form 990-T

State

Texas does not have an income tax. The Diocese and the Entities can generally obtain an exemption from the Texas Franchise Tax and from paying state and city sales taxes on most purchases, IF the Entity has filed the appropriate exemption request with the state. **This filing must be done through the Business Office of the Diocese. Each Entity’s exemption verification is available at**

1. Go to www.window.state.tx.us
2. Click on “Texas Taxes” tab
3. Click on “Exempt Organizations” (left side under **Filing and Paying**)

4. Click on “Search Tax-Exempt Entities” (left side under **Resources**)
5. Enter the Entity’s state (not the federal) 11 digit state tax number (if you have it), OR the County Name (only)
6. Click on “Submit” (Entities in your county are listed alphabetically)
7. Click on “Request Verification” to print a copy of the verification letter

Any questions should be addressed to the diocesan CFO. Do not file an exemption request without consulting with the CFO of the Diocese.

The Diocese and the Entities must collect and remit sales tax to the state on the regular sales of merchandise, such as through a book store or religious articles store or shop, regardless of where that activity is located. The only items exempt are bibles and rosary beads.

Property Taxes

Generally speaking, real estate owned by the Diocese or an Entity and used for its exempt purposes is exempt from property taxes. This exemption is not automatic and an application must be submitted to the county taxing authority whenever a property is purchased. These applications can be very complicated and require a good deal of very precise legal responses to the questions. **All applications for property tax exemption must be approved by the Business Office of the Diocese before being submitted.**

Undeveloped property is generally not exempt from property taxes.

Occasionally, county assessors will require a renewal application for an existing exemption. These applications should be treated the same as an initial application and **must be approved by the Business Office of the Diocese before being submitted.**