

Questions & Answers

Questions

Affiliation

Q Why should your church affiliate with the Missouri Baptist Convention?

A One benefit of affiliation with the Missouri Baptist Convention is the church's commitment to the Southern Baptist Convention and the Cooperative Program. Another benefit is that a church affiliated with the Missouri Baptist Convention falls under the Convention's federal tax exempt status and does not have to apply for individual tax exempt status.

Q How does a church affiliate with the Missouri Baptist Convention?

A Contact the Church Planting Team of the Missouri Baptist Convention to obtain an application for affiliation.

By-Laws and Constitution

Q Are by-laws and articles of constitution important?

A The constitution and by-laws of a church contain the basic rules of procedure and organization. They define the rights and duties of the members of the church and insure that the will of the majority is carried out in proper procedure.

Q Where can you get information on church by-laws and articles of constitution?

A Church by-laws and articles of constitution should be drafted by a committee elected by the church and then approved by the church. Samples are provided by the Church Planting Team of the Missouri Baptist Convention or on the website listed below.

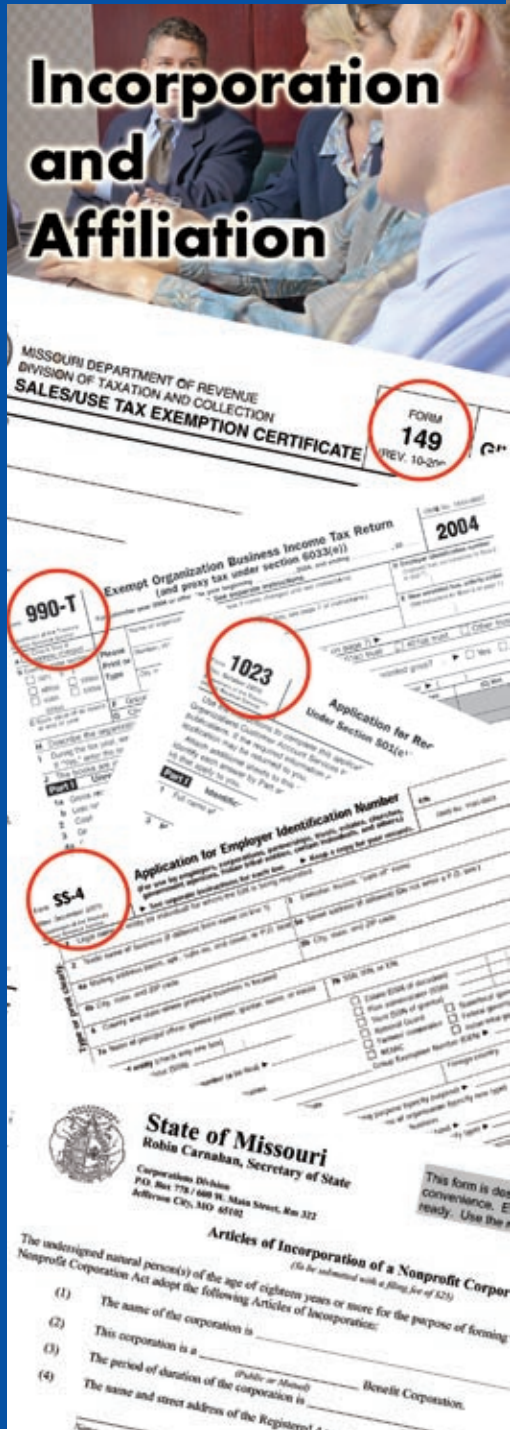
Website www.mobaptist.org/financialservices

Contact Financial Services at Extension 370



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Questions & Answers about Incorporation & Affiliation

Incorporation

Q How do we incorporate?

A There are two ways to incorporate in the state of Missouri. The easiest way is to fill out Form Corp 52—Articles of Incorporation of a Nonprofit Corporation thru the Secretary of State's office. You can download the form from the website listed below. There is a small filing fee.

The second way is to have a lawyer draft Articles of Incorporation and file with the Secretary of State's Office.

Website: www.sos.mo.gov

Q Why do we need to incorporate?

A The main reason to incorporate is the liability of church members. Unincorporated churches are susceptible to liability among members for accident claims, contract disputes and employment issues. Another reason is unincorporated churches can not enter into legal contracts or incur debt for building.

Website: www.mobaptist.org/financialservices

Tax Exempt Status & Tax Issues

Q How do we become tax exempt?

A Unaffiliated churches need to apply with the IRS and complete Form 1023. This is a long and expensive process. It typically takes six to twelve months to receive exempt status from the IRS and cost from \$500 to \$1,500 to apply. When a church becomes affiliated with the Missouri Baptist Convention that church falls under the Convention's federal tax exempt status. Missouri Baptist Convention will report that church as an affiliated church in the Annual Book of Reports. The church will receive a Charter Letter from the Convention confirming that your church is affiliated with the Convention and falls under our tax status. The church will also receive a copy of our tax exempt letter.

Q How do you get a federal Identification number and why do you need it?

A A church can obtain a federal identification number by filling out the IRS Form SS-4. The IRS will issue the church a nine digit identification number (xx-xxxxxxx) that the church will use for reporting to the IRS. A federal identification number is needed for churches to report to the IRS such things as payroll tax, W-2s, 1099s and any other reporting to the IRS.

Website: www.irs.gov - Form SS-4



Q If we become tax exempt do we still have to pay taxes?

A As a tax exempt organization, you will not have to pay federal tax on related income for your church. If a church has unrelated income (income not related to the tax exempt purposes), the church would have to pay tax on that type of income.

The federal tax exemption does not relieve a church from paying sales tax on purchases in the state of Missouri. However, the church may apply for a sales tax exemption with the state of Missouri and therefore avoid paying sales tax. When a church affiliates with the Convention you will receive a packet of information that will include an application for sales tax exemption, Form 1746—Missouri Sales/Use Tax Exemption Application and instructions on how to apply.

Website: www.dor.state.mo.us - Missouri Sales/Use Tax Exemption Application

Website: www.irs.gov - Form 1023 and 990T (tax from for unrelated taxable income)