

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **200546010**

Release Date: 11/18/2005

Index Number: 1402.05-00, 3121.02-08,
3401.02-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:TEGE:EOEG:EO1
PLR-112752-05

Date:
August 03, 2005

X =
Y =
State =
City =

Dear :

This is in response to ruling request dated February 21, 2005, 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.

The information submitted indicates that X is a local ministry initiative of Y, an international interdenominational Christian ministry. Y is a family of ministries and not a hierarchical organization. X was incorporated under the laws of State in 1998. Its purpose is to carry out the Great Commission of Jesus Christ.

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 spiritual discipline than that required of lay church members.
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 dated August 3, 2003 stating that it was exempt from taxes under section 501(c)(3) of the Code.
2. Vows. All members of X enter into a written agreement known as a Memorandum of Agreement in which they voluntarily agree to contribute and dedicate their labors, talents, and life purpose to the efforts of X to carry out the Great Commission, subordinating all worldly and personal ambitions. Members recognize that their relationship with X is that of co-workers for God.
3. Commitment. All members of X must successfully complete a Discipleship Training Program. The program is generally six months in length and conducted by Y. The training program includes a three month lecture phase followed by a missionary outreach phase of two to three months. Following the training, each participant may submit a written application to X for membership. Upon acceptance, the applicant will sign a written vow of commitment to become a member of X for a period of at least two years.
4. Church-controlled. X as part of Y, is an interdenominational organization. It receives a majority of its financial contributions from organized churches and Christian individuals, but is not controlled by any one church.
5. Community. X owns and operates an apartment building which brings the members into close proximity to each other and contributes to a sense of community between the members. Members share meals and are required to participate in at least weekly prayer gatherings. They are also required to maintain regular Bible readings and

commitment to personal spiritual growth. However, if they violate one or more of the Ten Commandments and, after receiving counsel, refuse to repent and significantly change their lifestyle, they may be asked to leave X.

6. Full-time service. Members work full-time to further the goals of X.

7. Type of Activities. The purpose of X is to minister the Gospel of Christ, with specific interest toward the urban centers of the World, through evangelism, training, and mercy ministries.

Through evangelism, X and its members develop outreach and facilitate the sharing of the Gospel of Jesus Christ throughout the City. This will occur through activities such as friendship evangelism to street people, creative street drama and dance, public prayer, and cross-cultural discussions in the City's ethnic communities.

Through training, X and its members facilitate short term outreach training for church groups of all ages. These teams are involved in partnership projects with the local church throughout City to bring evangelism and practical helps ministry to City's neighborhoods. In addition, X runs an annual six month school called "The School of Urban Frontiers" that trains missionary recruits from Y that have an interest in urban ministry.

Through Mercy Ministry, X and its members are involved in partnerships with local churches and humanitarian organizations to bring practical helps programs to inner cities. These programs include teaching English as a second language to immigrants, after school programs for children, neighborhood clean-up projects, and low-income housing renovation.

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.

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 (k)(3) of the Code provides that it may not be used or cited as precedent.

Sincerely,

Paul Accettura,
Senior Technical
Reviewer, Branch 1
Office of Division Counsel/
Associate Chief Counsel
(Tax Exempt and Government
Entities)

Enclosure

Copy for section 6110 purposes