

JW Congregation Support, Inc.

LOCAL DESIGN / CONSTRUCTION DEPARTMENT

2821 Route 22, Patterson, NY 12563-2337

Phone: (845) 306-3400

January 16, 2017

TO ALL BODIES OF ELDERS IN THE UNITED STATES, PUERTO RICO, AND THE U.S. VIRGIN ISLANDS

Re: Real Property Tax Exemption Verification

Dear Brothers:

This letter applies to congregations that hold title to Kingdom Hall or other real property. Elders in other congregations should read this letter, but do not need to implement the procedures outlined below.

In our letter to all bodies of elders dated February 14, 2016, a reminder was provided to titleholding congregations about annually checking the status of the real property tax exemption for congregation-owned property. This is necessary to avoid the accumulation of unexpected property tax and possible loss of Kingdom Hall property.

To assist titleholding congregations to care for this important matter the attached *Annual Real Property Tax Exemption Verification Record* and instructions are being provided. This form should be completed before September 1 of each year. For this year only, please complete this task **no later than February 6, 2017**.

The following questions and answers highlight the importance of annually verifying the exemption status of your real property.

What is real property tax? Real property tax is a tax paid by owners of land or buildings. This tax is separate from: 1) sales tax on purchases of goods and services; 2) congregations' federal income tax exemption under section 501(c)(3) of the Internal Revenue Code; or 3) having an employer identification number, which is merely an identifying number and does not indicate any sort of exemption.

Are congregations automatically exempt from real property tax? No. Real property tax exemptions are granted only after a request for exemption is submitted to the local tax office. Failure to apply for an exemption before the deadline can result in a substantial tax bill that might not be canceled. To qualify for exemption, property must be used for religious purposes. However, in a few states, vacant land or an unused building may qualify for exemption if construction is in process or if verifiable construction or renovation plans exist. Even if a property is exempt from real property tax, it may be subject to special assessments paid by all property owners in a particular area.

Do we need to verify our exemption if the tax office issued an exemption letter in the past? Yes. While a letter granting exemption should be retained in the congregation's property file, it means only that the exemption was in place as of the date of the letter. Annual verification of the exemption is still necessary.

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Does the fact that we have not received a tax bill prove that our exemption is still in place? No. Tax offices send notices, tax bills, and periodic requests for information to the mailing addresses on record. If the mailing address of record is incorrect, a notice may not be received by the intended recipient. Failure to respond to certain tax office requests, even if sent to a wrong address, may result in loss of exemption. A number of congregations lose their exemptions each year for this reason.

If you have questions about verifying the taxable status of your real property, please contact the U.S. Legal Department at (845) 306-1000.

Thank you for following through on this important matter. We send our warm Christian love and best wishes.

Your brothers,

JW Congregation Support, Inc.

c: Assembly Hall servants
Circuit overseers
Field representatives