

BABCOCK UNIVERISTY  
SCHOOL OF LAW AND SECURITY STUDIES

# CORPORATE TAX REGULATIONS AND RELIGIOUS INSTITUTIONS

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## **ABSTRACT**

From time immemorial, there has been an eristic cloud surrounding the issue of taxation and religious institutions; religious institutions in this situation referring to churches and mosques. The current situation of their exemption from paying taxes has been mind boggling to a great part of the nation. How come churches do not pay tax? Would taxing the churches amount to double taxation? Would lifting the blanket of tax exemption be inequitable and unjust? Or would the economy be bedeviled by this action? This article aims to provide an insight on the corporate tax regulations concerning religious institutions and submit a legal opine as to whether such existing regulations should be permitted to prevail or should be lifted.

### **Key Words:**

Taxes, Tax exemption, Churches and Mosques on Tax, Corporate Tax Regulation, Religious Institutions

## **INTRODUCTION**

Every person or corporate body that earns certain amount of income or gain a measure of profit from its business is subject to payment of tax. Taxation is highly beneficial to the Nigerian economy, lending crutches to our handicap situation. For this very reason, the government should see tax exemptions and tax holidays as compensatory or encouraging tools to those who seek to better the economy. Tax is so important because it is a tool that can be used to break monopoly, bridge the gap between the rich and the poor, curb inflation and maintain a balance in the nation's foreign policy. In fact it can be said to be used to control business and commerce which are the major drivers of the economic well being of the nation.

## **WHAT IS TAX?**

The term 'TAX' is popularly defined in the landmark Australian case of *Matthews v Chicory marketing board*<sup>1</sup> as 'a compulsory extraction of money by a public authority for a public purpose or raising money for the purpose of administering government budget by means of contribution from individuals'

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<sup>1</sup> (1938) Vol 60 CLR 263.

It can be viewed as synonymous with the words, ‘duty’, ‘levy’, ‘toll’, ‘dues’, ‘excise’ and ‘monies’, to be imposed on every citizen<sup>2</sup>, corporate person, etc residing within a particular jurisdiction or control.<sup>3</sup>

## **IS TAX A LEGAL CONCEPT? : BACKED UP BY WHAT AUTHORITY?**

There are many practices that prevail amongst us which are not necessarily legally enforced nor approved by the law. Taxation is not one of them. Tax is enforced by the government as a means of funding its activities.<sup>4</sup> Tax **imposition, collection**<sup>5</sup>, **enforcement** and **Utilization**<sup>6</sup> are authorized and draw validity fundamentally from the stipulations of the generally accepted grundnorm being **the Nigerian constitution 1999** (as amended 2011). This constitution serves as the foundation from which all laws of the federation stem. This can be found under the first schedule; specifically in the exclusive list. It is a federal offence not to pay taxes and in many instances tax returns are demanded of an individual to ensure taxes are being paid.<sup>7</sup>

## **WHAT CATEGORIES OF PERSONS PAY TAXES?**

Tax is levied upon citizens, individuals, corporate bodies (persons) within Nigeria. They in addition to the government and tax authorities constitute the stakeholders of taxation in Nigeria. The main categories of persons subject to tax are individuals, sole proprietors (business owners), partnerships, companies or corporate entities, communities and families, trustees and executors. Different laws have been put in place for effective assessment, collection, utilization and enforcement of these categories of persons.

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<sup>2</sup> Tax Jurisdiction.Reference.com; Business Finance (The meaning of Tax Jurisdiction) <https://www.reference.com/business-finance/tax-jurisdiction-mean-aa20009dfz27bed11>, accessed on the 9th of February 2017 as at 01:56am

<sup>3</sup> It means anywhere within a country or land owned by a country that it is legally allowed to charge taxes in. e.g. states, cities, townships. Within this area the body in charge with absolute authority can implement their own rules and rates. All residents are subject to these laws and can be penalized for defaulting.

<sup>4</sup> See *Matthew v Chicory Marketing Board* Vol 60 CLR 263 (1938)

<sup>5</sup> collection is bringing together or gathering things together to form a unit

<sup>6</sup> this is the manner in which a thing is being used

<sup>7</sup> Section 41 of PITA “ for each year of assessment, a taxable person shall without notice or demand, file a return of income in the prescribed form and containing the prescribed information with the tax authority of the state in which the taxable person is deemed to be a resident, together with a true and correct statement in writing

## **WHAT ARE RELIGIOUS INSTITUTIONS?**

Religious institutions are not limited to only churches as erroneously believed. They go on to include synagogues, temples, mosques, and other religious organizations<sup>8</sup>. They are viewed as unique entities under the law because of their nature, purpose and activities. They are entitled to special protections and exceptions. Some of the exceptions have existed for much of the nation's history<sup>9</sup>, originally devised for Christian churches but expanded to other faiths as the nation has become more religiously diverse.

In recent years, many politicians and commentators have declared what they consider “war on religion” that threatens to expose religious institutions to hostility and unsettling discrimination. Their attempts to lift the regulatory protection on these institutions have however proved futile.

## **WHAT CORPORATE TAX REGULATIONS APPLY TO RELIGIOUS INSTITUTIONS?**

### **WHAT ENABLING LAWS APPLY?**

#### **EXEMPTION OF RELIGIOUS ORGANIZATIONS FROM GENERALLY APPLICABLE LAWS**

The Civil Rights Act's exemption of religious organizations from the prohibition against religious discrimination in employment does not violate the Establishment Clause when applied to a religious organization's secular, nonprofit activities. The Court held in *Corporation of the Presiding Bishop v. Amos* that a church-run gymnasium operated as a nonprofit facility open to the public could require that its employees be church members. The exemption itself does not have a principal effect of advancing religion, the Court concluded, but merely allows churches to advance religion.

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<sup>8</sup> 'Do churches in the U.S. Have tax-exempt status, beyond that of other nonprofits? - straight dope message board', (*The Straight Dope*, 2000) <<http://boards.straightdope.com/sdmb/showthread.php?p=5101912>> accessed 11 February 2017

<sup>9</sup> 'Do churches in the U.S. Have tax-exempt status, beyond that of other nonprofits? - straight dope message board', (*The Straight Dope*, 2000) <<http://boards.straightdope.com/sdmb/showthread.php?p=5101912>> accessed 11 February 2017

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The Companies' Income Act regulates tax administration on corporate bodies and entities either registered or unregistered to the exclusion of companies engaged in petroleum. Similarly, the Personal Income Tax Act regulates tax administration on incomes and returns gained from individuals and small businesses. These two laws are local enabling laws to the exemption of churches and other religious organizations. The Federal Republic of Nigeria has one major law that regulates taxation which is the Personal Income Tax Act. Section 19(1) of the Act read together with the Third Schedule thereto provides clearly that: "The income of any ecclesiastical, charitable or educational institution of a public character in so far as such income is not derived from a trade or business carried on by such institution," shall be exempted from taxation.

Personal Income Tax Act: Section 19(1) of the Act read together with the Third Schedule thereto provides clearly that: "The income of any ecclesiastical, charitable or educational institution of a public character in so far as such income is not derived from a trade or business carried on by such institution," shall be exempted from taxation.

Similarly, **Section 30 of the Tax Code** states that non-stock corporations or associations organized and operated exclusively for religious or charitable purposes shall be exempted from income tax provided that no part of its net income or asset shall belong to or inure to the benefit of any member, organizer, officer, or any person. An International Legislation for this cause is the IRC (The Internal Revenue Code) Section 501(c) (3).

### **ARE THERE ACTUALLY PERMITTED EXEMPTIONS FROM TAXATION?**

Religious and educational institutions 'of a public character' are exempt from tax both under<sup>10</sup> Section 23(c) of the **Companies Income Tax Act** and paragraph 13 of the 3rd Schedule of the **Personal Income Tax**

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<sup>10</sup> Erikume KE, 'Taxation and governance - part 2 (religious leadership)' (*LEXOLOGY*, 2006)  
<<http://www.lexology.com/library/detail.aspx?g=f61856bb-cba6-431e-9d3e-7b07260a4ecd>> accessed 11 February 2017

**Act**<sup>11</sup>. However, the exemption applies only to the extent that the profit does not relate to a trade or business carried on by such institution.

Before the decision by the Tribunal<sup>12</sup> in **American International School vs FIRS**, it was not quite clear whether income of these organizations that includes for instance selling of books and tapes constitute trade or business that should be subject to taxation. However, the decision by the Tribunal seems to suggest that as long as the institution is set up as a not-for-profit entity (like incorporated trustees or limited by guarantee) and there is no proof of distribution of the profits, any activities carried on within its objects would be considered tax exempt<sup>13</sup>.

## **WHAT BODY HAS THE AUTHORITY TO GRANT SUCH EXEMPTIONS?**

By virtue of the Exclusive legislative list, the federal government has the right or is embodied with the authority to when deemed fit or necessary, grant tax exemptions, holidays or incentives.

## **CASE LAW AND STATUTORY PROVISIONS**

### **THE WALZ DECISION**

The U.S. Supreme Court, by a vote of '8-1', upheld the tax exemption of churches<sup>14</sup> in **Walz v. Tax Commission of the City of New York**<sup>15</sup>. Walz, a self-described Christian who did not belong to any church and owned real estate in Richmond County, N.Y., sued the tax committee over property tax exemption for churches. Walz claimed he and other taxpayers were forced to indirectly subsidize churches.

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<sup>11</sup> 'Do churches in the U.S. Have tax-exempt status, beyond that of other nonprofits? - straight dope message board', (*The Straight Dope*, 2000) <<http://boards.straightdope.com/sdmb/showthread.php?p=5101912>> accessed 11 February 2017

<sup>12</sup> Erikume KE, 'Taxation and governance - part 2 (religious leadership)' (*LEXOLOGY*, 2006) <<http://www.lexology.com/library/detail.aspx?g=f61856bb-cba6-431e-9d3e-7b07260a4ecd>> accessed 11 February 2017

<sup>13</sup> Erikume KE, 'Taxation and governance - part 2 (religious leadership)' (*LEXOLOGY*, 2006) <<http://www.lexology.com/library/detail.aspx?g=f61856bb-cba6-431e-9d3e-7b07260a4ecd>> accessed 11 February 2017

<sup>14</sup> Foundation R, 'Tax exemption of churches - freedom from religion foundation' (*Freedom from Religion*, December 2010) <<https://ffrf.org/faq/state-church/item/12601-tax-exemption-of-churches>> accessed 11 February 2017

<sup>15</sup> (1970)397 U.S. 664

## *Corporate Tax Regulations And Religious Institutions*

The majority decision, written by Chief Justice Burger, held that the tax exempt status granted to all houses of worship is the same privilege given to other nonprofit organizations:

*"The legislative purpose of a property tax exemption is neither the advancement nor the inhibition of religion; it is neither sponsorship nor hostility. New York, in common with the other States, has determined that certain entities that exist in a harmonious relationship to the community at large, and that foster its 'moral or mental improvement,' should not be inhibited in their activities by property taxation or the hazard of loss of those properties for nonpayment of taxes. It has not singled out one particular church or religious group or even churches as such; rather, it has granted exemption to all houses of religious worship within a broad class of property owned by nonprofit, quasi-public corporations which include hospitals, libraries, and playgrounds, scientific, professional, historical, and patriotic groups. The State has an affirmative policy that considers these groups as beneficial and stabilizing influences in community life and finds this classification useful, desirable, and in the public interest".*

He went on to say, *"Qualification for tax exemption is not perpetual or immutable; some tax-exempt groups lose that status when their activities take them outside the classification and new entities can come into being and qualify for exemption."*

### **MURDOCK V PENNSYLVANIA**

Citing **Murdock v. Pennsylvania**<sup>16</sup>, Douglas quoted: 'We do not mean to say that religious groups and the press are free from all financial burdens of government<sup>17</sup>. We have here something quite different, for example, from a tax on the income of one who engages in religious activities or a tax on property used or

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<sup>16</sup> 319 U.S. 105

<sup>17</sup> See *Grosjean v. American Press Co.*, [297 U.S. 233, 250](#), 449.

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employed in connection with those activities. It is one thing to impose a tax on the income or property of a preacher. It is quite another thing to exact a tax from him for the privilege of delivering a sermon'<sup>18</sup>.

### **IN 1970**

Then, in 1970, a nearly unanimous Court sustained a state exemption from real or personal property taxation of “property used exclusively for religious, educational or charitable purposes” owned by a corporation or association which was conducted exclusively for one or more of these purposes and did not operate for profit.<sup>179</sup> The first prong of a two-prong argument saw the Court adopting Justice Brennan’s rationale<sup>19</sup>. Using the secular purpose and effect test, Chief Justice Burger noted that the purpose of the exemption was not to single out churches for special favor; instead, the exemption applied to a broad category of associations having many common features and all dedicated to social betterment<sup>20</sup>.

Thus, churches as well as museums, hospitals, libraries, charitable organizations, professional associations, and the like, all non-profit, and all having a beneficial and stabilizing influence in community life, were to be encouraged by being treated specially in the tax laws. The primary effect of the exemptions was not to aid religion; the primary effect was secular and any assistance to religion was merely incidental.

### **ISSUE ADVOCACY VS. POLITICAL CAMPAIGN INTERVENTION**

However, Section 501(c)(3) organizations must avoid any issue advocacy that functions as political campaign intervention. Even if a statement does not expressly tell an audience to vote for or against a specific candidate, an organization delivering the statement is at risk of violating the political campaign intervention prohibition if there is any message favoring or opposing a candidate.

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<sup>18</sup> FindLaw’s United States supreme court case and opinions’, (*Find Law*, 11 February 2009) <<http://caselaw.findlaw.com/us-supreme-court/397/664.html>> accessed 11 February 2017

<sup>19</sup> Do churches in the U.S. Have tax-exempt status, beyond that of other nonprofits? - straight dope message board’, (*The Straight Dope*, 2000) <<http://boards.straightdope.com/sdmb/showthread.php?p=5101912>> accessed 11 February 2017

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## **DOES RELIGION PLAY ANY OTHER ROLE IN TAXATION?**

Religion has a role to play in every sphere of human living and interaction. Taxation and government policies are of no exception. Religion influences a majority of the populace in their daily activities.<sup>21</sup> These religious institutions can educate her members to pay taxes and define a clear cut reason as to why taxes and tithes differ. i.e paying tithes does not exempt you from paying taxes. Religion itself defines what is right or wrong. The bible itself has something interesting to say regarding this in the book of **Mark . (Mark 12:17)**

*“And Jesus answering said unto them, render to Caesar the things that are Caesar's, and to God the things that are God's. And they marveled at him.”*

## **ARE CHURCHES AND OTHER RELIGIOUS INSTITUTIONS EVADING TAXES?**

Tax evasion and avoidance, a problem which seem to have defied solutions, had bedeviled the Nigerian tax system right from the colonial times. Tax evasion is a highly punishable offence in the eyes of the law. So goes the question- are these religious institutions evading taxation under any pretentious guise?

## **TAX EVASION**

According to Nwachukwu (2006)<sup>22</sup> tax evasion is the general term for efforts by individuals, firms, trusts and other entities to elude taxes by illegal means. Tax evasion has been defined as deliberate and willful practice of not disclosing full taxable income in order to pay less tax. This behavior is portrayed as criminal act of violating the provision of tax laws which will eventually lead to diminution in total government revenue.<sup>23</sup> tax evasion arises in a situation where a taxpayer arranges his financial affairs in a way that would make him not to pay or pay the least possible amount of tax by infringing the legal rules as seen in the case of *Bulletin Vs Wisconsin* By Justice Oliver Wendell<sup>24</sup>

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<sup>21</sup> Special reference to the incidence at Jones town: where the congregation was ordered to drink a poison and await death on the preacher's command.

<sup>22</sup> Nwachukwu I. (2006) "Institutions indulge in Tax Evasion despite Huge Profits they make in Nigeria" The Tribune. September: 1

<sup>23</sup> Soyode, L., and S.O. Kajola (2006) Taxation: Principles and Practice in Nigeria (1st Ed.). Ibadan: Silicon.

<sup>24</sup> Feld L. P and Frey B. S (2002) Trust Breed Trust: How Taxpayers Are Treated. International Journals of Economics and Governance. Vol. 3, Pp 87-99.

## **TAX AVOIDANCE**

Tax avoidance is the legal usage of the tax regime in a single territory to one's own advantage to reduce the amount of tax that is payable by means that are within the law. While forms of tax avoidance which use tax laws in ways not intended by governments may be considered legal, it is almost never considered moral in the court of public opinion.<sup>25</sup>

## **WHAT DOES THIS MEAN?**

It is evident that churches do not evade nor avoid paying of taxes. They have been granted an exemption. This exemption is not a temporary one like tax holidays where after a stipulated period; the person (individual or corporate) would resume his taxpaying obligations.

## **WHAT IS THE GOAL BEHIND TAX EXEMPTIONS?**

Tax exemptions, holidays and incentives are put in place to protect, guide and encourage infant industries or persons who are playing a major role in the development of that state. For instance, Chinese companies that come to invest and set up foundation in Nigeria, can be granted a tax holiday for about 5 years to encourage their investment. This investment of theirs would not only improve or go a long way in developing the economy of Nigeria but would also be of great benefit to the citizenry of Nigeria.

## **DO RELIGIOUS INSTITUTIONS DESERVE TAX EXEMPTIONS?**

### **WHAT IS THIS TAX EXEMPTION?**

It is a statutory exception to a general rule rather than the mere absence of taxation in particular circumstances. It refers to the removal from taxation of a particular item and not a mere deduction. If awarded the privilege of a tax exempt status, the person (s) would not be expected to pay taxation.

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<sup>25</sup> Back, Philippa Foster (2013-04-23). "[Avoiding tax may be legal, but can it ever be ethical?](#)". *The Guardian*.

## **THE OPINION OF THE OPPOSITION: NO, THEY DON'T**

Many radicals believe that this tax exempt spells out favoritism and is unconstitutional. The government is seemingly subsidizing religion. Religion is not political and should not be treated as such.

The churches and other religious institutions were established to serve a religious purpose; a purpose, not in line with the agenda of the government. This very statement rebuffs the argument that the churches aid the social and moral formation of all citizenry.

These tax exemptions, so called are hindering us from collecting and utilizing in entirety the possible revenue that could be collected from churches for instance. In 2014, Germany collected revenue from churches amounting to about \$13 million; this is a clear loss of possible revenue and let us be reminded that the basis of taxation is the generation of revenue. This exemption defeats the purpose of taxation- the very purpose for which it was formed.

The preachers, pastors and priests are taking advantage of these exempt fraudulently, hiding under the colour of religious institutions to evade taxation. This is a platform for them to openly cheat the government and get away with it. According to John Murrane (alias), 'that is why pastors parade themselves in private jets when the populate are suffering'.

Another argument in this vain is that the tax exempts are a means of the government buying over the religious institutions as they cannot speak ill of political leaders; a form of trade by barter. These institutions that are to be our pillar of morals would then have their silence bought over by government officials.

Furthermore, the churches should be held accountable to the people. Many Nigerians in particular do not pay taxes but would give ten times their income in truck loads to the churches. What is this money being used for? How is it being utilized or re-invested? As an example, the church and other religious institutions in their total regalia should pay taxes. On a statistical level, in 2014, the revenue realized by churches exceeded a whopping \$18 million whereas the Nigerian budget for that same year was estimated N4.69 trillion.

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The basic summation here is that churches, mosques, temples and the likes should be mandated to pay taxes for even Jesus Christ; the founder of our faith, paid his taxes.

### **HISTORY OF TAX EXEMPTIONS ON RELIGIOUS INSTITUTIONS**

Churches and other religious organizations, like many other charitable organizations, qualify for exemption from federal income tax under IRC Section 501(c)(3) and are generally eligible to receive tax-deductible contributions. To qualify for tax-exempt status, the organization must meet the following requirements (covered in greater detail throughout this publication)<sup>26</sup>:

n the organization must be organized and operated exclusively for religious, educational, scientific or other charitable purposes:

- net earnings may not inure to the benefit of any private individual or shareholder<sup>27</sup>;
- no substantial part of its activity may be attempting to influence legislation<sup>28</sup>;
- the organization may not intervene in political campaigns<sup>29</sup>; and
- the organization's purposes and activities may not be illegal or violate fundamental public policy<sup>30</sup>.

In the case of **Abington School Dist. v. Schempp**<sup>31</sup>, if religious institutions benefit, it is in spite of rather than because of their religious character. For religious institutions simply share benefits which government makes generally available to educational, charitable, and eleemosynary groups.”

Locally here in Nigeria, the government of **Chief James Onanefe Ibori**, from 1999 exempted all mosques and churches in Delta State from buying stickers for official vehicles. Ask yourself why should we at this time ever contemplate taxing religious institutions and their investments in Nigeria?

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<sup>26</sup> 'Preaching politics from the pulpit', (*Pew Research Centre; Religion and Public Life*, 2 October 2012) <<http://www.pewforum.org/2012/10/02/preaching-politics-from-the-pulpit-2012/>> accessed 11 February 2017

<sup>27</sup> *ibid*

<sup>28</sup> *ibid*

<sup>29</sup> *ibid*

<sup>30</sup> *ibid*

<sup>31</sup> (1963) [374 U.S. 203, 301](#)

That aside, religious institutions are doing their best to support government to make society safer and better for all. For instance, churches are investing in agriculture to encourage members to go into agriculture and other sectors to grow the economy. Is it wrong for the church to complement government's efforts and make life better for the people?

The first recorded tax exemption for churches was during the Roman Empire when Constantine emperor of Rome granted the Christian church a complete exemption from all forms of taxation. A principle to be upheld here is '*Animus moninis est anima scripti.*' meaning the intention of the party is the soul of the instrument.

## **IS IT FAIR TO EXEMPT RELIGIOUS INSTITUTIONS FROM TAX WHEN THEY IN TURN 'TAX' THEIR CONGREGATION?**

Religious institutions do not tax their congregation as erroneously believed. Whatever is required of them is a moral duty and not one imposed by the 'overlords' in the religious institution. They have standing in the bible and the Quran.

### **IN LAW**

This is evident in Section 24 of the Constitution of Nigeria which provides for the duties of the Citizen.

Specifically **Section 24(f)** provides that:

*It shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and  
pay his tax promptly*

### **IN CHRISIANITY**

Tithe on the other hand is the one tenth(10%) of a person earning, salary, produce which is paid as a levy to the church and this levy was used in support of the Church, clergy, and people who are in need in the church.

*“Will a mere mortal rob God? Yet you rob me. But you ask ‘How are we robbing you?’ “In Tithes and offerings. (Malachi 3:8)*

## **IN ISLAM**

Tithe is referred to as Zakat in Islam. It is a very important aspect of Islam which also involves paying a particular amount of levy which is seen as giving alms to the poor. Zakat is 2.5% of the earnings of a person. Zakat is one of the five pillars of Islam.

A verse of the Holy Quran says:

*Zakat is for the poor, and the needy and those who are employed to administer and collect it, and the new converts, and for those who are in bondage, and in debt and service of the cause of Allah, and for the Wayfarers, a duty ordained by Allah, and Allah is the All-knowing, the Wise.<sup>32</sup>*

## **WHAT IS THE SITUATION IN OTHER STATES?**

THE Philippines grants both constitutional and statutory benefits to religious and charitable organizations. In Section 28(3) of Article VI of the Philippine Constitution it is seen that their government grants religious and charitable institutions exemption from real property tax on all lands, buildings, and improvements, actually, directly, and exclusively used for religious, charitable, or educational purposes. Conversely, real properties of religious and charitable institutions not actually, directly, and exclusively used for religious, charitable, or educational purposes shall be subject to the real property tax as seen in the celebrated case of **Systems Plus Computer College vs. Caloocan City**<sup>33</sup>

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<sup>32</sup> Holy Quran (Sura Al-Tauba: 60)

<sup>33</sup> GR 146382, Aug. 7, 2003).

## **IN AMERICA**

Every church, synagogue, mosque, temple is exempted from tax. On further research, it has been discovered that this exemption was granted on the condition that the religious institutions would not interfere with political insinuations.

## **IN ROME**

Rome can be cited as the founding party of these exemptions and does religiously abide by it. Churches and other religious institutions are free from the burden of taxation assessment and remittance.

## **IN EUROPE**

Churches are taxed in Europe. Countries include Sweden, Finland, Denmark, Switzerland, Portugal, Spain, Italy, Marino, Austria, Hungary, and Iceland. An unwillingness to pay de facto increase in German's church taxes has led many out of their churches, seeking a more suitable environment where they would not be plagued by an addition to their multiple taxation. In this setting, the church assumes the role of a corporate entity and collects fractions of the collective tax from the congregation. Last year 2014, Germany collected \$13.2 billion in revenue for churches. In Denmark, it is viewed as additional support for the government. In Switzerland, it is minor- 'canton'. This goes to show that there is no clear cut side to be on: some countries wave the need for churches to pay taxes while some other religiously enforce it.

## **OPINIONS**

### **POPULAR OPINION: SURVEY CARRIED OUT**

A survey was carried out for this very purpose, in a bid to justify whether or whether not churches and mosques or other religious institutions deserve this seemingly all too generous tax exemption when our country's economy is termed feeble.

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Fifty (**50**) persons answered the questionnaire seen on the last page of this paper. The variables collected included age, occupation, religion and gender to see if there would be any bias or stereotype in this research work. The results were thus:

Out of 50 persons, **30** were female and **20** were male, **25** were Christians and **25** were Muslims, **10** were students, **20** were working class, **15** were business men (women) and **5** were retired, **32** persons out of 50 declared that they were tax payers and were up to date with their tax returns while the others were either not yet capable of being taxed or nonchalant about the taxation system altogether. **45** persons felt that the tax exemption was ideal and that churches and mosques or other religious institutions should not be subjected to taxation on three main grounds:

- they do not enjoy any benefits from the government
- It would amount to multiple (double) taxation as the religious institution can only gather funds for taxation from its congregation
- It would push the religious institutions into becoming commercial premises where persons pay for 'God's blessings'.

At this juncture I would like to reiterate the argument of past scholars, 'Malus usus est abolendus' meaning 'An evil custom is to be abolished' but this is evidently not an evil custom and need not be abolished or eradicated.

In the words of one of the responses (female; aged **37**), "*The government should not tamper with the natural balance of things! The religious institutions are for Allah and not to some president* "

Based on these responses, it is safe to say that a portion of the majority is against the lifting of tax exemptions.

## **PERSONAL OPINE: TAX EXEMPTIONS FROM CHURCHES**

The taxation system aims to be equitable yet neutral. In adjudicating on this matter, sentimental values must be pushed aside in order to eliminate all possible bias. To all laws, there are exceptions and this is one brilliant example. The government does not provide any funds nor amenities for the wellbeing of these religious institutions. Citizens are supported with social amenities and what not but religious institutions gain nothing. Its welfare and upkeep is solely financed from internally generated revenue (donations from members) so the real question is: “*why should they then be taxed?*”. Would it be equitable to tax a religious institution and create a one sided illustration?

## **IN SUMMATION**

There is said to be an old Arabian proverb: "If the camel once gets his nose in the tent, his body will soon follow." This expression is especially pertinent in the tax exemption context. Churches are tax exempt under the principle that there is no surer way to **destroy** the free exercise of religion than to tax it.

If the government is allowed to tax churches or to condition a tax exemption on a church literally speaking, the camel's nose is under the tent, and its body is sure to follow. It should be considered snooping into the activities of these religious institutions and this can inhibit free exercise of religion; And I believe, a man is baseless without his religion.

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