

ICYMI: Politico: Republican tax law hits churches

Six months after the Republican tax scam was signed into law, Americans are now learning about a 21% tax “on churches, synagogues and other nonprofits” while large corporations and billionaires saw massive reductions in their taxes.

“Americans knew Representative Grothman voted for a tax scam that gave massive tax breaks to corporations and billionaires, but now Americans are learning that Grothman raised taxes on churches to fund it,” said DCCC Spokesman Evan Lukaske. **“Amongst many other victims of the tax bill, Grothman now also has to answer for this church tax and the burden it places on religious organizations and non-profits doing important work in communities across this district.”**

Republican tax law hits churches **Politico // Brian Faler**

Republicans have quietly imposed a new tax on churches, synagogues and other nonprofits, a little-noticed and surprising change that could cost some groups tens of thousands of dollars.

Their recent tax-code rewrite requires churches, hospitals, colleges, orchestras and other historically tax-exempt organizations to begin paying a 21 percent tax on some types of fringe benefits they provide their employees.

That could force thousands of groups that have long had little contact with the IRS to suddenly begin filing returns and paying taxes for the first time.

Many organizations are stunned to learn of the tax — part of a broader Republican effort to strip the code of tax breaks for employee benefits like parking and meals — and say it will be a significant financial and administrative burden.

It also means political peril for lawmakers, many of whom were surely unaware of the provision when they approved the tax plan. Churches’ tax-exempt status, in particular, has long been considered sacrosanct and Republicans are relying on the faithful to back them in the November elections.

[...]

“There’s going to be huge headaches,” said Galen Carey, vice president of government relations at the National Association of Evangelicals, an umbrella group of evangelical Christian organizations. “The cost of compliance, especially for churches that have small staffs or maybe volunteer accountants and bookkeepers — we don’t need this kind of hassle.”

The Jewish Federations of North America is looking at a new \$75,000 tax bill this year because of the change.

“A lot of people are just finding out about it and the more people find out about it, the more pressure there will be on Treasury and Congress to either delay implementation or consider changing this,” said Steven Woolf, senior tax policy counsel for the group.

[...]

Because those organizations don’t pay income taxes, lawmakers couldn’t take away fringe-benefit deductions. So instead they created a 21 percent tax on the value of some of nonprofit employees’ benefits.

The main benefits affected are transportation-related, like free parking in a lot or a garage and subway and bus passes. It also targets meals provided to workers and, in some circumstances, may affect gym memberships.

[...]

“What we’re talking about is an income tax on the church for providing parking to its employees — that’s what we’re talking about,” said Mike Batts, chairman of the board of the Evangelical Council for Financial Accountability, which is circulating the petition denouncing the tax. “It’s absurd.”

“The whole idea of tax exemption for nonprofit organizations that are doing charitable, religious and educational work is for them not to be on the same playing field as for-profit businesses when it comes to taxes, in order to incentivize the good work they do to make our society better,” said Batts, who is also managing partner of an accounting firm that specializes in religious nonprofits.

He and others complain that, thanks to nonprofits’ tax-exempt status, many don’t have experts on staff who can help them understand the provisions. They also note that while companies also lost fringe-benefit breaks, they simultaneously got big cuts in their tax rates and new incentives for investments that more than made up for the lost deductions.

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CONTACT: Evan Lukaske | (516) 661-1025

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