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Tax Exempt Church Turns Out To Be A Night Club

A new 'church' recently opened in Panama City Beach, Florida. The Life Center: A Spiritual Community hosted a seven-day-a-week program service called 'Amnesia: The Tabernacle.' Turns out it was really just a big Spring Break party. At tax-time, a self-proclaimed church might sound pretty good considering the huge tax breaks. After all, there are plenty of offbeat religions and offbeat churches, so who's to say what's legit?

But this church wasn't even close. It charged a \$20 'suggested donation' and had an ATM. Its website boasted 'Anything But Clothes,' lingerie and pajama events, 'Wet n wild,' twerking and naked paintball parties. The holy iconography featured oral sex and drinking. Maybe it was just bad timing, since it was supposed to be a youth ministry during the day.



Still, local officials stripped it of its tax-exempt status. Bay County Property Appraiser Dan Sowell rescinded the exemption that allowed The Life Center to avoid paying state property taxes. After all,

it was clear that the property wasn't used predominantly for religious purposes. It was pretty obvious there were more sacrilegious than holy activities going on.

A [public Facebook posting](#) questioned The Tabernacle's status. Then the Spring Break Amnesia web site was taken down, and according to a [News Herald report](#), the most explicit language was toned down when it came back. Still, all in all the interaction of taxes and religion is strange. Ever since our founding fathers, it's hands-off for federal income taxes, property taxes and more.

Take the so-called parsonage allowance, a tax break dating to the 1920s provided by [Section 107](#) of the tax code. The parsonage allowance says an ordained member of the clergy can live tax-free in a home owned by his or her religious organization. Alternatively, the clergy member can receive a tax-free annual payment to buy or rent a home. It makes being a minister or other member of the clergy sound pretty good, as does this list of [top ten clergy tax deductions](#).

For generations, churches have been exempt from income taxes. What's more, all 50 states and the District of Columbia give them a pass on property taxes. But in debt-ridden and cash strapped Europe, the Catholic Church is emerging as an unlikely treasure trove just ripe for the tax collector. Not long ago, Italy called for assessing taxes on church properties. That could produce a pretty penny.

What constitutes a legitimate church? Churches reap a vast array of tax advantages. There are even [special IRS rules limiting the IRS authority to audit a church](#). With church status being so desirable, how does the IRS police it? The term 'church' isn't even defined in the tax code. Yet the IRS looks for:

1. Distinct legal existence;
2. Recognized creed and form of worship;
3. Definite and distinct ecclesiastical government;
4. Formal code of doctrine and discipline;
5. Distinct religious history;
6. Membership not associated with any other church or denomination;
7. Organization of ordained ministers;
8. Ordained ministers selected after completing prescribed study;
9. Literature of its own;
10. Established places of worship;
11. Regular congregations;
12. Regular religious services;

13. Sunday schools for religious instruction of the young; and

14. Schools for preparing its members.

The IRS generally considers all facts and circumstances. But unlike other exempt organizations, a church need not [apply for tax exemption](#). Most churches do but they are not actually required to. The IRS has a [tax guide for churches and religious organizations](#).

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