

SUBTITLE C. EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX
CHAPTER 21. FEDERAL INSURANCE CONTRIBUTIONS ACT
SUBCHAPTER C. GENERAL PROVISIONS

IRC Sec. 3121

Sec. 3121. Definitions.

(w) Exemption of churches and qualified church-controlled organizations.

(1) General rule. Any church or qualified church-controlled organization (as defined in paragraph (3)) may make an election within the time period described in paragraph (2), in accordance with such procedures as the Secretary determines to be appropriate, that services performed in the employ of such church or organization shall be excluded from employment for purposes of title II of the Social Security Act [[42 USCS §§ 401 et seq.](#)] and this chapter [[26 USCS §§ 3101 et seq.](#)]. An election may be made under this subsection only if the church or qualified church-controlled organization states that such church or organization is opposed for religious reasons to the payment of the tax imposed under section 3111 [[26 USCS § 3111](#)].

(2) Timing and duration of election. An election under this subsection must be made prior to the first date, more than 90 days after July 18, 1984, on which a quarterly employment tax return for the tax imposed under section 3111 [[26 USCS § 3111](#)] is due, or would be due but for the election, from such church or organization. An election under this subsection shall apply to current and future employees, and shall apply to service performed after December 31, 1983. The election may be revoked by the church or organization under regulations prescribed by the Secretary. The election shall be revoked by the Secretary if such church or organization fails to furnish the information required under section 6051 [[26 USCS § 6051](#)] to the Secretary for a period of 2 years or more with respect to remuneration paid for such services by such church or organization, and, upon request by the Secretary, fails to furnish all such previously unfurnished information for the period covered by the election. Any revocation under the preceding sentence shall apply retroactively to the beginning of the 2-year period for which the information was not furnished.

(3) Definitions.

(A) For purposes of this subsection, the term "church" means a church, a convention or association of churches, or an elementary or secondary school which is controlled, operated, or principally supported by a church or by a convention or association of churches.

(B) For purposes of this subsection, the term "qualified church-controlled organization" means any church-controlled tax-exempt organization described in section 501(c)(3) [[26 USCS § 501\(c\)\(3\)](#)], other than an organization which--

(i) offers goods, services, or facilities for sale, other than on an incidental basis, to the general public, other than goods, services, or facilities which are sold at a nominal charge which is substantially less than the cost of providing such goods, services, or facilities; and

(ii) normally receives more than 25 percent of its support from either (I) governmental sources, or (II) receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in activities which are not unrelated

trades or businesses, or both.

(x) Applicable dollar threshold. For purposes of subsection (a)(7)(B), the term "applicable dollar threshold" means \$ 1,000. In the case of calendar years after 1995, the Commissioner of Social Security shall adjust such \$ 1,000 amount at the same time and in the same manner as under section 215(a)(1)(B)(ii) of the Social Security Act [[42 USCS § 415\(a\)\(1\)\(B\)\(ii\)](#)] with respect to the amounts referred to in section 215(a)(1)(B)(i) of such Act [[42 USCS § 415\(a\)\(1\)\(B\)\(i\)](#)], except that, for purposes of this paragraph, 1993 shall be substituted for the calendar year referred to in section 215(a)(1)(B)(ii)(II) of such Act [[42 USCS § 415\(a\)\(1\)\(B\)\(ii\)\(II\)](#)]. If any amount as adjusted under the preceding sentence is not a multiple of \$ 100, such amount shall be rounded to the next lowest multiple of \$ 100.

(y) Service in the employ of international organizations by certain transferred Federal employees.

(1) In general. For purposes of this chapter [[26 USCS §§ 3101](#) et seq.], service performed in the employ of an international organization by an individual pursuant to a transfer of such individual to such international organization pursuant to [section 3582 of title 5, United States Code](#), shall constitute "employment" if--

(A) immediately before such transfer, such individual performed service with a Federal agency which constituted "employment" under subsection (b) for purposes of the taxes imposed by sections 3101(a) and 3111(a) [[26 USCS §§ 3101\(a\)](#) and [3111\(a\)](#)], and

(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582 [[26 USCS § 3582](#)].

(2) Definitions. For purposes of this subsection--

(A) Federal agency. The term "Federal agency" means an agency, as defined in [section 3581\(1\) of title 5, United States Code](#).

(B) International organization. The term "international organization" has the meaning provided such term by [section 3581\(3\) of title 5, United States Code](#).