

Religious & Charitable Organizations — Property Tax Exemptions

Deadline to file: March 1 (annually)

Introduction

Institutions such as hospitals, schools, churches, and cultural organizations may qualify for an exemption from local property and personal property taxes. Ownership alone does not create an exemption. Nonprofit status or state/federal tax-exempt recognition is not sufficient by itself. Exemptions are established under Massachusetts General Laws, Chapter 59, Section 5. <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter59> An organization must meet specific eligibility criteria and follow required procedures to obtain and maintain exemption status. The following explains the general rules, qualification dates, examples, required annual filings, and appeal rights.

Qualification Dates

- **Real estate:** Exemption status is determined as of July 1 (the first day of the fiscal year). The organization must meet all eligibility requirements on July 1 to receive exemption for that fiscal year.
- **Personal property:** Exemption status is determined as of January 1.

The organization must clearly and unequivocally demonstrate eligibility.

Definitions & General Rules

Charitable Organization (for property tax purposes)

A charitable organization is a corporation or trust established for literary, benevolent, charitable, scientific, or temperance purposes. To qualify:

- The organization must be organized for charitable purposes and operate for the public benefit (not merely for a limited membership).
- Income and assets may not be distributed to officers, directors, or shareholders while operating or at dissolution, nor used for non-charitable purposes.
- Nonprofit incorporation or federal/state tax-exempt status alone does not guarantee local property tax exemption.

Examples that often qualify nonprofit private schools, colleges and universities, hospitals, museums, and similar cultural institutions.

Examples that generally do NOT qualify trade groups, professional associations, and social clubs (because they typically benefit members rather than the public at large).

Religious Organization (M.G.L. Ch. 59, §§5, 10 & 11)

Religious organizations may be exempt from property taxation for:

1. Personal property owned by or held in trust within Massachusetts for religious or charitable purposes.
2. Churches or houses of worship owned by (or held in trust for) and used for religious services or instruction, including parking lots and halls used exclusively for religious activities.
3. Parsonages owned by (or held in irrevocable trust for) the organization and used as clergy residences.

All other property owned by a religious organization is taxable unless it separately qualifies for a charitable exemption.

Specific Charitable Exemptions (M.G.L. Ch. 59, §5, clause 3)

A charitable organization may be exempt from taxation on:

- All personal property it owns (regardless of use).
- Real estate owned by or held in trust for the organization (or by its officers for charitable purposes) used for charitable purposes.
- Real estate acquired for future charitable use property acquired with genuine intent for future charitable use may be exempt even if not yet occupied for up to two years; if not put to charitable use within two years it becomes taxable until used charitably.

Taxable situations: property leased to non-charitable entities/individuals, property used for non-charitable activities, or property owned by taxable individuals/entities even if leased to a charity.

Annual Filings & Required Documents

(See M.G.L. Ch. 59, §5 and §29)

Initial Application — Form 1B3 (PDF) chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.mass.gov/doc/state-tax-form-1b-3-application-for-statutory-exemption-for-charitable-organizations/download?_ga=2.151331645.504198234.1757534094-2042782834.1752503768&_gl=1*13wjbzu*_ga*MjA0Mjc4MjgzNC4xNzUyNTAzNzY4*_ga_MCLPEGW7WM*cZ_E3NTc2ODQ2MzlkbzMkZzEkdDE3NTc2ODQ2NDgkajQ0JGwwJGgw

- Required for first-time applicants or when a third-quarter tax bill has already been issued for the fiscal year.
- Use Form 1B3 to establish charitable exemption for personal property or for a specific parcel of real property.

- Religious organizations do not have to file Form 1B3 to establish exemption for a house of worship or parsonage after the initial application.

Typical documents the Assessors will request:

- IRS determination letter (showing classification)
- Articles of incorporation / charter / declaration of trust
- Organization bylaws
- Identification of officers, directors, trustees
- Description of charitable activities and programs
- Description of property use (including lessees/occupants and their uses)

Annual Property Return — Form 3ABC (PDF) chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://www.mass.gov/doc/state-tax-form-3abc-property-held-for-charitable-purposes/download?_ga=2.204720916.504198234.1757534094-2042782834.1752503768&_gl=1*zgstbo*_ga*MjA0Mjc4MjgzNC4xNzUyNTAzNzY4*_ga_MCLPEGW7WM*cZE3NTc2ODQ2MzIkbzMkZzEkdDE3NTc2ODQ3NTEkajYwJGwwJGgw

- Every charitable organization owning property on January 1 must file Form 3ABC with the Assessors to receive exemption for the fiscal year beginning the following July 1.
- Deadline: March 1 — the return and all attachments must be received by the Assessor's Office by March 1.
- Assessors may grant an extension only if the organization applies and demonstrates good cause; the latest allowable extension is 30 days after mailing of the actual tax bills for the fiscal year (3rd quarter). Failure to file on time bars the organization from exemption for that year with no exceptions.
- Religious organizations need not file 3ABC unless claiming exemption for property other than a house of worship or parsonage.

Public Charities Report — Form PC (PDF) <chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://www.salemma.gov/DocumentCenter/View/243/Form-PC-PDF?bidId=> / **Instructions (PDF)** <chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://www.salemma.gov/DocumentCenter/View/244/Form-PC-Instructions-PDF?bidId=>

- A copy of the organization's most recent annual report to the Public Charities Division of the Attorney General's Office (Form PC) must be attached to the Form 3ABC.
- Failure to submit Form PC with the 3ABC bars the organization from exemption for that year.
- Religious organizations are not required to file Form PC to the Attorney General, although many do so to support IRS determinations and donor tax-deductibility.

Appeals & Payment Requirements

- Filing an application for abatement (requesting exemption) does not stay tax collection.
- To preserve the right to appeal, the organization must pay at least one-half of the personal property tax under contest.
- If an exemption is later granted, the organization will receive a refund for taxes paid.
- The Assessors have 3 months to act on abatement applications related to exempt status. If the Assessors deny the application, the organization has 3 months from denial to appeal to the Appellate Tax Board.

How to Apply / What to Submit (Checklist)

- Completed Form 1B3 (if first-time applicant or where required).
- Completed Form 3ABC (if owning property as of Jan 1) received by March 1.
- Copy of the organization's most recent Form PC (Attorney General) attached to 3ABC.
- IRS determination letter (if available).
- Articles of incorporation / declaration of trust / bylaws.
- List of officers, directors, trustees (names and titles).
- Detailed description of charitable/religious activities and property use (include lessee information).
- Any additional documentation requested by the Assessors to substantiate charitable/religious use.

Contact & Assistance

For filing instructions, forms contact Assessor's Office.

Taxpayer's Guide

- **Taxpayer's Guide established by the Division of Local Services (PDF)** <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.salemma.gov/DocumentCenter/View/246/Taxpayers-Guide-established-by-the-Division-of-Local-Services-PDF?bidId=>
- **IRS** <https://www.irs.gov/charities-non-profits/stay-exempt>