



Briefing and Hat Write-Up for All US Registrars & FSMs

Tax Deductibility and Getting Your Public up The Bridge

This is a briefing to all registrars and Field Staff Members in the US on the subject of the tax deductibility of parishioner donations and getting your public up THE BRIDGE®. As is well known, in 1993 all of our US Churches became officially tax-exempt organizations. At the same time, all donations for auditing, and most donations for training, to our US organizations also were recognized as qualifying as tax deductible for our parishioners on their personal federal income tax returns. What this means is that parishioners who donate for services before the end of the year can significantly reduce the amount they will need to pay in taxes for this year. This tax savings will enable them to donate for more services on THE BRIDGE and thus make it up THE BRIDGE FASTER.

Contact your public and remind them that their donations are largely tax deductible. Support of one's church through donations is a long-standing tradition in our country. The brochure, "Updated Information on Taxes and Your Donations" provides a complete briefing for parishioners and their tax advisors.

How to Speed Your Public Up The Bridge Using the Data on Tax Deductibility

This is your hat write-up for handling tax deductibility with your public. The purpose of this hat is to help each parishioner take full advantage of Church tax deductibility and thereby move further up THE BRIDGE faster. Here is what you need to know to help those parishioners you are interviewing:

1 Your FIRST step is to ALWAYS enlighten the person you are interviewing on the services they need to progress up THE BRIDGE. This is done prior to any discussion of donation rates or tax deductibility. Follow HCO™ PL 15 March 1965 I, REGISTRARS, CF AND ADDRESS (OEC Vol 2, pg. 426), which tells you to "Just talk Scientology. That's what we promote." You must first show the person you are interviewing what the services are about, what they will gain spiritually from the service, how the service will help them in life, how long the service takes. In short, show them everything they need to know so they have REALITY on the true value of the service to THEM.

Do this first step thoroughly. You have enlightenment TOOLS, such as the Golden Age of Tech Video and the Golden Age of Tech brochure, to assist you. Do a complete and professional job.

2 All US Churches of Scientology are tax-exempt organizations. A parishioner can donate to the Church and the amount donated should qualify as a deduction on his income tax return. How does this work and how do you use this in your interview to move your public up THE BRIDGE?

Well, the first thing that you should keep in mind is that we are *not* in the business of providing tax advice, so you cannot offer *any* representation as to how a donation may affect your public's taxes, other than as outlined below. This is very important — there are definite rules against doing more.

The reason for these rules is very simple. Tax computations are not easy matters, and it is virtually impossible to make an accurate analysis of one's tax situation without all relevant data. Just a few of the more important factors include the individual's marital status, state of residence, number of dependents, total income (exclusive of nontaxable amounts and inclusive of social security benefits), state tax refunds, payments to retirement plans, self-employment income (and self-employment taxes), health insurance payments, alimony payments, itemized deductions, if any, such as state and local income taxes, medical expenses, home mortgage expenses, interest on investments, real estate taxes, charitable contributions and unreimbursed employee business expenses, loss and so on.

Get the picture? Each of the items on this partial list can significantly affect an individual's personal income taxes pursuant to very specific rules and regulations.

There is, however, one thing you should be sure to do both as a general matter as well as whenever a specific tax question arises — encourage your public to consult with their tax advisor. This is an absolute must. Only their tax advisor can provide accurate, complete advice as to how their donations will affect their tax liability.

With this warning in mind, you can — and should — inform your public that their contributions qualify for tax deduction and that in some situations the resulting tax savings can be very substantial. Contributors can immediately use these savings to donate for additional services, which will enable them to progress up THE BRIDGE all that much faster.

EXAMPLE: A single parishioner living in California earns \$60,000 in 1995. His taxable income, after his itemized and other deductions is \$50,000. He must pay income taxes on this amount. His federal and state income taxes on this amount, before any additional taxes or offsetting tax credits will be \$10,972 in federal taxes and \$3,095 in state taxes, for a combined tax bill of \$14,067.

However, if he donates, for example, \$17,500 to your org for auditing before the end of the current year, he can claim that amount as a charitable contribution on his itemized deductions which will reduce his taxable income to \$32,500. His federal and state income taxes on this lower amount will decrease to \$7,472 and \$1,935, respectively, for a combined tax bill of \$9,407, a savings of \$4,660! He can use this tax savings to donate for more services, and he can then make it FURTHER up THE BRIDGE as more of his income can go toward his spiritual freedom, i.e., auditing and training.

While you cannot run through a detailed analysis like the one above with your public, you can, however, inform them generally that their donations are tax deductible as charitable contributions against both their federal and state taxes, which means that their donations will reduce their tax bill so long as they qualify to itemize their deductions (as opposed to claiming the "standard deduction").

The amount of any tax savings they will be able to enjoy will depend on their "tax bracket", which in turn depends on their marital status and the amount of their taxable income, as well as their state of residence (tax rates vary from state to state, with California, New York and the District of Columbia having the highest).

As a general matter, a single parishioner living in California who has taxable income of \$50,000 will have a combined federal and state tax bracket of 37.3 percent. This means that the tax savings he will realize from any qualifying donation will be equal to 37.3 percent of the donation. In other words, he will save \$37.30 on every \$100.00 that he donates, which he can use to increase his donation.

The rate of tax savings will increase to the extent the parishioner has higher taxable income and is thrown into higher tax brackets. Thus, if this particular parishioner has taxable income of \$120,000, his combined bracket will increase to 46 percent, for a tax savings of \$46.00 on every \$100.00 that he donates. If his taxable income is \$260,000, his combined bracket will increase to 50.6 percent, for a tax savings of \$50.60 for every \$100.00 that he donates.

As you can see, the tax savings can be quite substantial, especially for parishioners in the upper tax brackets.

But you must bear in mind that the circumstances of each parishioner can vary widely and you must not provide specific tax advice. However, you may discuss general concepts and ranges, so long as you encourage him to consult his tax advisor for an accurate estimate.

3 As you can see, the advantages are considerable for your public. As a registrar, you are giving some simple directions, but most importantly, you are helping your public to attain spiritual freedom, happiness and new-found abilities.

You need to drill handling such situations. You probably have similar ones of your own. Drill these so you can smoothly handle your public on this and SHOW them how they can use tax deductibility to get the services they DO WANT.

4 Always offer the Church brochure on tax deductibility, "Updated Information on Taxes and Your Donations" to parishioners. The data will be helpful to them and they can show the brochure to their tax advisor. So get this brochure broadly distributed. And READ the brochure yourself, from cover to cover, clearing up any misunderstood words.

5 See that the fact of tax deductibility is made quite VISIBLE in your org, with notices and use of the brochure, and make sure that all staff are letting public know about this advantage.

6 Some important points to know:

A. In most states, donations to the Church qualify as tax-deductible on state income taxes as well. This is an ADDITIONAL tax savings to your public as shown in the above example.

B. You are NOT a tax advisor and you should direct your public to see their tax advisor and verify what their taxes will be. That is the tax advisor's job. You can and SHOULD give the general guidelines as above, but do have your public contact their tax advisor to work out their specific taxes and tax advantages.

C. Donations after the end of the year will be counted as part of the donations for the new year, so any tax advantage for 2001 can be obtained only by making one's donations THIS year — prior to December 31, 2001.

7 If you have questions which are not answered in the brochure, "Updated Information on Taxes and Your Donations", you can contact the Tax Compliance I/C, c/o Office of Special Affairs International, 6331 Hollywood Blvd., Suite 1200, Los Angeles, California 90028, phone number (323) 960-3500. He is standing by to assist you.

8 Realize that the fact of tax deductibility means that public can make it further up THE BRIDGE but YOU must actively point out this advantage to them and SHOW it to them and see that they understand and do make their contributions. Don't assume they know all about it or understand it. If they don't maximize their donations for their Bridge services, they will just be sending more money to the Government as taxes. Help them make the RIGHT choice, to donate for all their services and get up THE BRIDGE. It is up to you to get them to see this.

Summary

Let ALL of your public know about the advantages of making their maximum donations to the Church. Get this data on tax deductibility out BROADLY. Give them the brochure, send it out in your letters, give it to FSMs to give to selectees. Encourage MAXIMUM donations. This CONSIDERABLE tax advantage and savings makes it more possible for them to make it up THE BRIDGE to the state of trained OT*, to support their Church and to make a better world. Everyone wins at this game, especially the whole community and society because our Church and its members are indeed making a better world for all.