

Nonprofit Notes

The IRS Reinterprets the Johnson Amendment: Churches May Now Be Provided an Exception

By Tracy Cai, CPA, Director

In a recent court ruling, the Internal Revenue Service (IRS) agreed that under the “proper interpretation” of the Johnson Amendment, churches may endorse political candidates within the sanctuary without jeopardizing their tax-exempt status. The IRS clarified that speaking in good faith on political matters during a religious service or sermon is not considered *participation in* or *intervention in* a political campaign.

The court ruling does not repeal the Johnson Amendment. It does, however, create a narrow exception that applies to the internal communications of a church during religious services. This ruling is now subject to approval by the U.S. Federal District Court (for the Eastern District of Texas).

Cutting Through the Controversy: What You Need to Know

The Johnson Amendment was originally enacted in 1954 to establish a clear separation between partisan political activity and tax-exempt religious practices.

In August 2024, the National Religious Broadcasters (NRB) filed suit against the IRS, challenging the standing interpretation of the Johnson Amendment — a section of the Internal Revenue Code (IRC) passed in 1954 that prohibits 501(c)(3) tax-exempt organizations, including churches, from participating or intervening in political campaigns. The NRB claimed that the Johnson Amendment violates First Amendment rights (freedom of speech and free exercise of religion), Fifth Amendment rights (due process of law and equal protection under the law) and the Religious Freedom Restoration Act (RFRA) of 1993.

The recent IRS ruling and its reinterpretation of that Amendment has caused mixed reactions and is now being legally challenged by various religious leaders, U.S. lawmakers and organizations (e.g., Americans United for Separation of Church and State).

Here's a quick snapshot of what you need to know should the ruling be approved:

<i>What Could Now be Permitted...</i>	<i>What is Still Prohibited...</i>
Pastor-led endorsements/oppositions during sermon or religious service using existing church communication methods to congregants only.	Large-scale or paid campaign efforts, public ads or political speech outside religious services.

We Can Help

We will continue to closely monitor any developments and provide timely updates on the Federal Court response to this IRS ruling and its resulting legal challenges. Our tax specialists are here to help you

understand the changes and implications to churches, as well as any potential impacts to other 501(c)(3) organizations as they become known.

We also encourage you to frequently visit the [Insights](#) page of our website to access all our current articles across the tax topics we support.

Contact Us

If you have any questions or need specific assistance regarding this topic, please contact your PKF O'Connor Davies client service team or any member of our [Exempt Organizations Tax and Advisory Services](#) team:

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