

Vatican and Israel at an impasse over property rights: Tax exemptions at stake

News in the [May 1, 2007](#) issue

When Israel's foreign ministry canceled a meeting with Vatican officials scheduled for early spring in Rome, the official reason given was the pressure of "international political events."

To be sure, the Middle East has recently seen a flurry of diplomacy. But Israel's cancellation, announced only a few days before the March 29 meeting, was only the latest delay in a negotiating process that has dragged on for more than 13 years.

That slow pace has significantly raised tensions between Israel and the Holy See. Two major problems are unresolved—church property rights and the issue of tax exemptions—and these problems in turn concern other Christian denominations with property and buildings in Israel.

Further delays in the Catholic-Jewish talks, say observers in Rome, would threaten to undermine decades of dramatic improvements in a historically troubled relationship.

After Israel was created in 1947, the Vatican resisted granting recognition to the new state, for reasons ranging from fear of antagonizing Arab nations to a desire to place Jerusalem under international control.

In the wake of the 1978 Camp David Accords between Israel and Egypt, Pope John Paul II initiated discussions that culminated in a 1993 agreement to establish full diplomatic relations. For its part, Israel promised to regularize the legal status of church activities within its borders. But because the Vatican's property claims and its right to tax exemption in the Holy Land are unresolved, church properties ranging from holy shrines to modern hospitals continue to languish in legal and fiscal limbo.

Out of respect for Catholicism's deep roots in the region, Israeli officials have generally granted tax exemptions to Catholic properties. But the church has no

access to judicial courts when land ownership disputes occur, and is not guaranteed the tax-exempt status that it and other religious institutions routinely receive in other countries.

In recent years, local and regional governments have begun pressing for back taxes on Catholic hospitals and other properties that are not houses of worship.

The Vatican argues that its right to tax exemption was established centuries ago, recognized under the Ottoman Empire and reflected in United Nations Resolution 181, which effectively created Israel. According to the resolution, religious properties that had been tax exempt before the resolution should remain so.

These exemptions are rights of the church “which the state [of Israel] was explicitly mandated to preserve, by the same UN resolution on which the state itself” proclaimed its independence, said David-Maria A. Jaeger, a Franciscan priest who helped negotiate the 1993 agreement with Israel.

But some fear that granting the Vatican permanent tax exemptions could set off a ripple effect among other nonprofit and religious groups which might then demand equal status.

“If they give a tax exemption to the Catholics, then the other religions will want it too, and even more difficult, the religious Jews will want it,” said Marshall J. Breger, a law professor at Catholic University of America in Washington, D.C., and an expert on Israel-Vatican relations.

Current negotiations also aim to establish the Holy See’s official status as a major landowner in Israel. At issue is whether Israel’s executive branch will cede jurisdiction over religious properties to the courts.

For Rome, the question is a matter not of relations between church and state but of property rights and due process, which the Catholic Church believes that it should enjoy like any other recognized corporation.

Breger said the impasse is based not on any animosity toward the Vatican, but on the understandable resistance of government bureaucracies to surrendering their prerogatives. *-Francis X. Rocca, Religion News Service*