

## State and Local Society IRS Requirements

The purpose of this document is to clarify the state and local society (“Societies” or “Society”) IRS tax reporting requirements and the relationship to the National organization with regards to 501(c)3 status.

The National Society Children of the American Revolution maintains a unique Employer Identification Number (“EIN”) and is recognized by the IRS as a 501(c)3 organization. This legal EIN recognition does **“NOT”** extend to the Societies. Nor does the N.S.C.A.R. 501(c)3 status automatically extend to the Societies. What does that mean?

1. Each Society **“MUST”** be registered with the IRS and have a unique EIN.
2. Obtaining this unique EIN does **“NOT”** automatically extend 501(c)3 status to any Society. These are separate issues totally unrelated as to whether your Society is recognized as a non-profit organization capable of accepting tax deductible donations.
3. Each Society **“MUST”** file an annual tax return.

Based upon the current status of your Society, review the appropriate section.

1. Existing Society
  - A. Existing Society with no current EIN - See Section A.
  - B. Existing Society with EIN that has never notified National Headquarters of EIN and therefore has not lost Tax Exempt status - See Section B.
  - C. Existing Society with EIN that has notified National Headquarters of EIN but has lost Tax Exempt status - See Section C.
2. New Society - See Section A.
3. Re-organized Society that never had an EIN - See Section A.
4. Re-organized Society with a current EIN that properly notified the IRS when disbanded and therefore never lost their non-Profit status - See Section B.
5. Re-organized Society that properly notified the IRS that they disbanded and therefore never lost their non-Profit status. However, the IRS rescinded their EIN - See Section A.
6. Re-organized Society that did not notify the IRS that they disbanded and therefore lost their non-Profit status - See Section C.

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### Section A. Existing Society with no current EIN and new or some re-organized Societies.

1. Obtain an EIN from the IRS. How do you get this EIN? The simplest way is to go directly to the IRS website and apply. As of 12/1/2014 the website to obtain an EIN is:

[http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-\(EIN\)-Online](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online)

In the event that this website does not display it is suggested that you do an internet search for "Apply for an Employer Identification Number Online". You will probably get more than one response to this request. Be sure to select the one that takes you to an IRS.gov website.

Follow the instructions to obtain a unique EIN. What information must you provide when applying for an EIN?

- A. Use an EIN category most closely associated with "Community or Volunteer Group". Why? Your goal is to obtain a tax exempt organization EIN primarily for creation of a bank account and to file annual tax forms.
  - B. Name of the Organization
  - C. Name of a responsible individual.
  - D. Address of a responsible individual.
  - E. Social Security Number of a responsible individual.
2. Once you receive an EIN you must notify your Senior State President and the National Headquarters Accountant. Why?
    - A. Your Senior State President is a member of the Senior National Board and responsible for oversight to ensure that all Societies in their state file an annual IRS tax form.
    - B. The National Headquarters Accountant is responsible for the initial association of your Society to the National organization 501(c)3 group account. This action occurs only once by the National Headquarters Accountant. It is the full responsibility of all Societies to then make sure they meet all IRS filing requirements to maintain their 501(c)3 status.
  3. File an annual tax form with the IRS.
    - A. Societies are expected to file a 990-N Postcard annually. Even if your Society has been in existence prior to obtaining your EIN the IRS will not expect you to file any prior year tax forms.
    - B. File an annual 990-N Postcard. Do an internet search for "File 990-N Postcard".
    - C. Failure to file for three consecutive years results in automatic revocation of your tax exempt status. This means you can then no longer file a 990-N Postcard or even the long form 990. Nor can you accept tax deductible donations for your Society. Review Section D for an overview of the process to recover non-Profit status reinstatement.

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**Section B.** Existing Society with EIN that has never notified National Headquarters of EIN and has not yet lost Tax Exempt status or some re-organized Societies.

1. Immediately go the IRS 990-N Postcard filing website and file your tax reports for the prior three years. Do an internet search for "File 990-N Postcard". If your Society is no longer on the 990-N Postcard website then you have lost your tax exempt status. As you Society is no longer recognized as a tax exempt organization the following steps are not necessary. This does not relieve you of filing tax forms so you must go to Section C.
2. Notify your Senior State President and the National Headquarters Accountant. Why?
  - A. Your Senior State President is a member of the Senior National Board is responsible for oversight to ensure that all Societies in their state file an annual IRS tax form.
  - B. The National Headquarters Accountant is responsible for the initial association of your Society to the National organization 501(c)3 master account. This action occurs only once by the National Headquarters Accountant. It is the full responsibility of all Societies to then make sure they meet all IRS filing requirements to maintain their 501(c)3 status.
3. File an annual tax form with the IRS.
  - A. Societies are expected to file a 990-N Postcard annually.
  - B. Failure to file for three consecutive years results in automatic revocation of your tax exempt status. This means you can then no longer file a 990-N Postcard or even the long form 990. Nor can you accept tax deductible donations for your Society. Recovery of tax deductible status is an onerous process and requires payment of a fee. Review Section D for an overview of the process to recover non-Profit status reinstatement.

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### Section C. Existing Society with EIN that has lost Tax Exempt status or some re-organized Societies.

1. Immediately file Tax Form 1120 for all prior years. It is possible that you may be required to pay income tax and penalties on any reported income as dues and donations are income.
2. Decide if your Society wishes to recover tax exempt status and be recognized as a 501(c)3 Society. Tax exempt status restores your ability to file 990-N Postcards and pay no taxes on income up to \$50,000 annually. It also allows you to be re-associated as a 501(c)3 organization by National and to accept tax deductible donations.
  - A. If your Society decides to recover tax exempt status:
    1. Review Section D for an overview of the process to recover non-Profit status reinstatement.
    2. Continue filing and paying annual 1120 taxes until your status is recovered.
    3. Notify National Headquarters Accountant of tax exempt status recovery upon notification form the IRS.
    4. Begin and continue annual 990-N Postcard filing.
  - B. If your Society decides to not recover tax exempt status then you must continue filing and paying annual 1120 Tax Forms.

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### Section D. Process for reinstatement of non-Profit status.

Recovery of tax deductible status is an onerous process and requires payment of a fee. Current fee can be obtained from the IRS website during the filing process.

Visit the IRS website to begin the reinstatement process and locate either Form 1023 or Form 1023-EZ.

As of 12/1/2014 this website is:

<http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Automatic-Revocation-How-to-Have-Your-Tax-Exempt-Status-Retroactively-Reinstated>

Review the requirements to determine if Form 1023-EZ may be used to obtain reinstatement:

- Annual Gross Receipts < \$50,000 in any of the next 3 years
- Annual Gross Receipts < \$50,000 in any of the past 3 years
- Total Assets in excess of \$250,000
- Do you or will you invest 5% or more of your total assets in securities or funds that are not publicly traded?
- Filing of 1023-EZ for reinstatement is within 15 months of automatic revocation.

You must be able to answer "No" to all of the questions in order to use Form 1023-EZ.