



Tax Policies for Alumnae Panhellenics

Alumnae Panhellenics must file a tax form every year.

Background Information

As a result of the Patriot Act of 2001, banks are required to collect more information on individuals and organizations with bank accounts. Beginning in 2008 (for tax year 2007), the IRS requires all nonprofit organizations to file an annual return, regardless of size.

Employer Identification Number (EIN)

What is an Employer Identification Number (EIN) and why do I need one?

An [employer identification number \(EIN\)](#) is a federally issued number that allows organizations to open bank accounts, file annual tax returns with the IRS and apply for state and federal tax exemptions, among other things. It is required for all business and nonprofit entities to conduct business, not just those who intend to have employees.

How do I get an EIN for my organization?

You can apply for an [EIN online](#) and receive it immediately upon completion of the application. A letter documenting the formal assignment of an EIN will be mailed by the IRS to the organization's mailing address as it was entered in the online application. The Alumnae Panhellenic can choose to apply through the mail by completing a [Form SS-4](#). Use the [Where to File Your Taxes \(for Form SS-4\)](#) to determine where to mail the completed form.

Can my Alumnae Panhellenic use the NPC federal Employee Identification Number (EIN)?

No. Alumnae Panhellenics are not able to use the NPC EIN.

IRS Employee Identification Number (EIN) - POLICY

An Alumnae Panhellenic must obtain an EIN from the IRS and file an IRS 990-N e-postcard as required by the International Revenue Service.

Applying for Tax Exempt Status

How does an organization become tax exempt?

Organizations applying for tax-exempt status **must first** apply for an EIN and then apply to the IRS for tax-exempt status.

An organization becomes tax-exempt from federal income taxes by applying for recognition of exemption from the IRS. The IRS will recognize an organization as tax exempt if it meets the requirements of the Internal Revenue Code. See types of tax-exempt organizations and [Publication 557, Tax-Exempt Status for Your Organization](#).

What form do I file to obtain tax-exempt status?

Organizations applying for exemption must use specific application forms. The form for Alumnae Panhellenics is [Form 1024](#), Application for Recognition of Exemption under Section 501(a), which is for organizations seeking 501(c)(7) status. For further information about the application your organization is required to submit is specified in [Publication 557](#).

A few larger Alumnae Panhellenics may choose to apply for 501(c)(3) status by filing a [Form 1023](#), which means that your organizations may take donations for which a donor receives a charitable deduction. The requirements for this status are more complex. Your Alumnae Panhellenic should seek advice from a tax attorney or CPA before deciding to apply for 501(c)(3) status.

Regaining Tax-Exempt Status

If a nonprofit has its tax exemption revoked, the organization will have to apply for tax exemption again. This is done by completing the same application used for the initial a tax exemption. (See question above).

Our nonprofit status was approved by the IRS. Do we have to pay sales tax?

Yes, unless you apply to your state for a sales tax exemption certificate. Sales tax is a state-level tax and is completely separate from any IRS classification as a tax-exempt or charitable organization. Not all organizations that are recognized as tax-exempt by the IRS will qualify for sales tax exemptions at the state level. You will need to contact your state's department of revenue for information on how your association can apply for a sales tax exemption certificate. In some states, sales tax exemptions may be based on factors, such as the percentage of administrative expenses as compared to program expenses. Remember, the sales tax exemption is only for making qualified purchases in your state.

Filing Requirements and Required Disclosures

Most exempt organizations must file various returns and reports at some time during their accounting period.

What IRS forms do I need to file?

Generally, organizations with less than \$50,000 of annual revenue are allowed to file the simplest of the annual returns, the [990-N e-postcard](#). For organizations with larger amounts of revenue, either Form 990 or 990-EZ is required. Guidance on which form your organization is required to file can be found in [Publication 557](#).

Failure to File 990-N Means Loss of Tax Exemption

Any nonprofit that fails to file Form 990-N for three consecutive tax years automatically lose tax-exempt status. This occurs on the filing due date of the third year. To regain its exempt status an organization will have to reapply for recognition as a tax-exempt organization.

When a nonprofit loses its tax exemption, the IRS places its name on the Automatic Revocation of Exemption List, which is on the [IRS website](#).

If you have further questions or need additional guidance, please contact a tax professional.