

## IRS INFORMATION FOR CHAPTERS & RCOs

### **ATTENTION CHAPTER LEADERS AND REGIONAL CONFERENCE ORGANIZATIONS** **IRS Now Requires Non-Profits to File Annual Returns**

The Pension Protection Act of 2006 added this filing requirement to ensure that the IRS and potential donors have current information about your organization. The first ePostcards (Form 990-n) are due in 2008 for tax year ending on or after December 31, 2007. The ePostcard is due every year by the 15th day of the 5th month after the close of your fiscal year. For example, if your tax year ended on December 31, 2007, the ePostcard is due May 15, 2008. **You cannot file the ePostcard until after your tax year ends because if your organization has more than \$50,000 in gross receipts (NOT net profit) then you will be required to file a regular tax return (990 or 990EZ).**

In order to comply, each Chapter and RCO will need to obtain a Taxpayer Identification Number (TIN) also referred to as Employer Identification Number (EIN) if you have not already done so. You will then have to apply for federal tax exempt status as a 501(c)(6) before you can file the yearly 990-n return. The PTG does not have a group tax exemption and due to reporting issues the Board has decided that it isn't feasible to establish one. Therefore, each Chapter and RCO must apply for their own federal tax exemption. Please note this is different from filing with your respective state for a sales tax exemption. The federal tax exemption designates your organization as a non-profit entity; in our case as a 501(c)(6).

#### ***Here are the steps to take in order to comply with the new IRS regulations.***

1. **Apply for your EIN number.** This takes only a few minutes and can be done on line at: <https://sa2.www4.irs.gov/modiein/individual/index.jsp>
  - Step 1 Select – View Additional Types, Including Tax-Exempt and Government Organizations
  - Step 2 Select – Other Non-Profit/Tax Exempt Organizations
  - Step 3 Confirm your selection as “A non-profit organization is an entity organized and operated for one or more of the purposes listed under Section 501(a) of the Internal Revenue Code.
  - Step 4 Select – “Banking purposes” as the reason you are requesting an EIN
  - Step 5 Select “Individual” as the responsible party
  - Steps 6 & 7 Designate the responsible party. This will typically be an elected officer. This is a contact person for the organization.
  - Step 8 Identify the name of the organization (i.e. Piano Technicians Guild, Kansas City Chapter #641 or Piano Technicians Guild, Central West Regional Seminar, etc) and other required information. Please note: you are only allowed to go back 25 years when indicating the “start date” for your organization. Therefore, even if you were originally chartered in 1958, you will be forced to use 1983 as your start date.
  - Step 9 You will be asked for additional information regarding your organization. In nearly all cases, you will mark “no” to these questions.
  - Step 10 Select – “Other” when asked what your business or organization does.
  - Step 11 Select – “Organization”
  - Step 12 Choose the method by which you would like to receive your EIN confirmation letter.

Step 13 Once you have completed the application, we recommend that you print the summary of information page along with the page that verifies the EIN has been assigned. Report your EIN number to the PTG Home Office.

Misplaced your EIN? If you previously applied for and received an EIN for your chapter, but have since misplaced it, try the following: 1) If you used your EIN to open a bank account, or apply for any type of state or local license, you can contact the bank or agency to secure your EIN or, 2) Ask the IRS to search for your EIN by calling the Business & Specialty Tax Line at 800.829.4933. The hours of operation are 7:00 a.m. - 10:00 p.m., Monday through Friday. An assistor will ask you for identifying information and provide the number to you over the telephone, as long as you are a person who is authorized to receive it i.e. a Chapter Officer.

2. **Organize and Operate as a 501(c) (6).** After obtaining an EIN, contact the IRS at 1-877-829-5500 (when prompted select Option 4, then Option 4 again as these options seem to work best) and tell them that your chapter has an EIN and needs to be set up as a 501(c) (6) so that you can file the required 990-N epostcard. Tell them you do not want to file Form 1024 and that PTG does not have a group exemption. (Helpful Hint: Do not refer to the Chapter as a subordinate of PTG. The IRS has a different meaning for subordinate than in the legal sense. If you mention you are a subordinate they will automatically assume PTG has a group exemption which it does **not**.) They will ask for:
  - a. Chapter Officer's Names
  - b. Chapter Officer's Titles
  - c. Contact Information (telephone & address)
  - d. What subsection the Chapter wants to be set up under. Answer: 501(c)(6)
  - e. The Chapter's annual accounting period, i.e. January 1 – December 31
  - f. You will also be asked if the Chapter has organizing documents, i.e. bylaws.

**There is NO fee for this.** The IRS will submit the information and after a 6-8 week waiting (processing) period, your chapter can file the electronic Postcard return. This process only has to be done once then every year after that the electronic filing is all you will have to deal with.

If you have any questions or need further assistance regarding the new IRS requirement, please feel free to contact Jason Hensley or Barbara Cassaday at the Home Office (913-432-9975) or your tax professional.