

Revenue Generation

IRS Designation

As subordinate bodies of the Piano Technicians Guild, Inc., chapters also fall under the IRS characteristics of a 501(c)(6) organization. To meet the requirements of IRS 501(c)(6) and Reg. 1.501(c)(6)-1, an organization must possess the following characteristics:

- 1. It must be an association of persons having some common business interest and its purpose must be to promote this common business interest;*
- 2. It must be a membership organization and have a meaningful extent of membership support;*
- 3. It must not be organized for profit;*
- 4. No part of its net earnings may inure to the benefit of any private shareholder or individual;*
- 5. Its activities must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons;*
- 6. Its primary activity does not consist of performing particular services for individual persons; and*
- 7. Its purpose must not be to engage in a regular business of a kind ordinarily carried on for profit, even if the business is operated on a cooperative basis or produces only sufficient income to be self-sustaining.*

Membership Dues and Support

Membership dues are the primary means of support for most chapters. Besides an annual fee paid by each individual member, chapters may also generate financial support from a variety of other activities. Most income (even if from a non-member source) will come from activities related to the organization's exempt purpose and is considered to be non-taxable.

Unless a chapter is generating a substantial amount of unrelated business income (not related to the organization's exempt purpose), they will not need to file a federal tax form, so it is unlikely most PTG chapters will need to pay taxes on chapter income. Remember, being a not-for-profit means no dividends (or profits) are paid to individuals, not that the organization cannot have income or carry assets forward to the next year.

Check with your state department of revenue for local and state regulations that apply to associations. Check with the PTG Home Office for up-to-date information about IRS guidelines related to associations.

Product Sales and Fundraising

PTG chapters can generate income from product sales and fundraising activities. As stated above, activities related to the organization's purpose are considered to be exempt membership support. If the income activity is not purpose-related, it will be considered unrelated business income and, if the amount generated meets the IRS minimum, could be subject to taxation.

Examples of purpose-related activities might be:

- charging a fee for educational seminars
- income from sales of educational materials

Donations

Donations made to a 501(c)(6) organization are not tax-deductible for charitable purposes. However, businesses and individuals can make payments to the chapter that may fall under IRS codes as a deductible business expense.

Because the Piano Technicians Guild Foundation (PTGF) is a 501(c)(3) organization, donations made to that organization are tax-deductible as a charitable gift.