

MEMORANDUM

TO: All State and Local Councils, Assemblies, and Chapters in the United

FROM: John Marrella, Supreme Advocate

DATE: April 2013

SUBJECT: 2012 Federal Tax Returns

All Knights of Columbus subordinate units in the United States must file an annual informational tax return (IRS Form 990) with the Internal Revenue Service (IRS). This memorandum provides general guidance to help councils comply with their federal tax reporting requirements for 2012. Although the Knights of Columbus Legal Department is able to provide general guidance, we recommend that councils, assemblies, and chapters that have more complicated tax returns consult with a professional tax adviser.

I. General Information

The Knights of Columbus is a fraternal benefit society, recognized by the IRS as a tax-exempt organization under Section 501(c)(8) of the Internal Revenue Code (IRC). In addition, pursuant to a group exemption, the IRS recognizes all councils¹ in the United States as “fraternal lodges.” Each council may also claim an exemption from federal income tax under Section 501(c)(8), *provided that* the Financial Secretary has reported the council’s Employer Identification Number (EIN) to the Knights of Columbus Legal Department, which in turn will report it to the IRS as part of the Knights of Columbus group exemption listing.

In order to be recognized under the Order’s group exemption, a council must first obtain its own EIN from the IRS by submitting a Form SS-4 to the IRS. Attachment 1 to this memorandum includes (1) a sample Form SS-4 for you to use as a guide; and (2) a blank copy for you to fill out and submit to the IRS. Once a council has received its EIN, it must submit to the Knight of Columbus Legal Department a copy of the letter from the IRS assigning it an EIN. In addition to the letter from the IRS, the council must also submit to the Legal Department an

¹ For the purposes of this document, the term “council” refers to all subordinate units of the Knights of Columbus, including state and local councils, assemblies, and chapters.

authorization letter (see Attachment 2), requesting that it be included in the Supreme Council's group exemption.

Attachment 3 to this memorandum includes: (1) a letter issued by the IRS to the Supreme Council in 1940, recognizing the federal income tax exemption for the Supreme Council and its subordinate units (the "group exemption"); and (2) a letter issued by the IRS to the Supreme Council in 1998, confirming this exemption.

Councils should file their returns *directly with the IRS* and should not submit originals or copies to the Knights of Columbus Legal Department. If a council fails to comply with the annual filing requirement, the IRS may impose monetary and other penalties, including revocation of the council's tax exempt status.

The Order's group exemption does not exempt councils from state and local taxes. For example, councils may be subject to state or local sales taxes, unless state or local laws specifically exempt these entities. Typically, states grant sales tax exemptions only to organizations that are recognized as charitable entities under Section 501(c)(3) of the IRC; as a fraternal benefit society under Section 501(c)(8), the Knights of Columbus would not be entitled to this exemption. Each council should consult its own tax adviser, accountant, or legal counsel to determine whether it is exempt from state and local taxes.

Finally, the Knights of Columbus group exemption recognized by the IRS does not extend to home corporations or home associations, which are independent legal entities.

II. Who Must File

Every council, assembly, and chapter in the United States must file a return with the IRS. The type of return that is required to be filed will ordinarily depend on the amount of gross receipts generated by the council. Councils with annual gross receipts of \$50,000 or less must electronically file a Form 990-N with the IRS.² (See Attachment 4, section entitled "Annual Electronic Filing Requirement for Knights of Columbus Subordinate Councils").

Under Section 6033 of the IRC, tax exempt organizations with annual gross receipts of more than \$50,000, must file an annual information return with the IRS that reports:

- the organization's income;
- the organization's expenses;
- changes in the organization's fund balances; and
- a balance sheet.

² We suggest that each council use the "Worksheet for IRS Form 990 and Form 990-EZ Gross Receipts Test" to determine which filing, if any, must be made. (See Attachment 4). Councils should carefully follow the Supplemental Instructions for IRS Form 990-EZ (see Attachment 5) and Form 990 (see Attachment 6), and should retain copies of their worksheet calculations.

Councils with annual gross receipts of \$50,001 to \$199,999 should use Form 990-EZ, while councils with annual gross receipts equal to or greater than \$200,000 (or total assets of \$500,000 or more) should use Form 990. Councils that earned \$1,000 or more in gross income from an unrelated business must also file Form 990-T (Exempt Organization Business Income) to compute and pay the tax due. Attached to this memorandum are supplemental instructions to assist your council in filing its Form 990 or Form 990-EZ. (See Attachments 5 and 6).

Each council must file its own tax return; there is no group or consolidated Form 990 filing. The returns are due to be filed by the fifteenth day of the fifth month following the end of the council's annual accounting period.³ Federal law imposes a penalty of \$20 per day, up to a maximum of \$10,000, for incomplete or late filings, unless reasonable cause can be shown.

The Form 990-N (e-postcard) can only be filed online and you may do so by following these steps:

1. Access the IRS website by clicking this link: <http://www.irs.gov/Charities-%26-Non-Profits/Annual-Electronic-Filing-Requirement-for-Small-Exempt-Organizations--Form-990-N-%28e-Postcard%29>
2. Under the heading "How to File" read the paragraph and click the link; and
3. Read the disclaimer and then click "leave IRS website". That will take you to the privately owned website where you can access and file the Form 990-N.

Councils that are required to file a Form 990 or Form 990-EZ⁴ should send the completed return to:

Internal Revenue Service Center
Ogden, UT 84201-0027.

III. Maintaining Tax Files

Each council should, at a minimum, maintain a tax file that includes copies of the following:

- The council's by-laws and all amendments;

³ For example, if a council's accounting period ends on December 31, it must file by the following May 15; if its accounting period ends on June 30, it must file by November 15.

⁴ If your council is required to file a return, but did not automatically receive the appropriate tax forms and instructions from the IRS, you may obtain them from the IRS, by calling the IRS forms number (1-800-829-3676), or by downloading forms from the IRS website at www.irs.gov. Requests for an extension to file (Form 8868) should be sent to the Ogden Service Center at the above address.

- The council's minutes for the last four years;
- IRS group exemption letters dated October 25, 1940 and October 15, 1998 (See Attachment 3);
- Forms 990, Forms 990-EZ, or Forms 990-N filed for the last 10 years;
- The following forms filed by the council in the last 10 years: Summary Form 1096 and Information Return for Income Payments (Form 1099), if any; Summary Form W-3 and Income Tax Withheld on Wages (Forms W-2), if any;
- The council's application (Form SS-4) for its Employer Identification Number;
- Tax returns for the last five years filed under the Federal Insurance Contribution Act and the Federal Unemployment Tax Act, if any;
- Any prior revenue agent examination reports; and
- Forms 990 and 990-EZ worksheets for those years, if any, in which gross receipts were less than the \$50,000 threshold amount.

Faithful Comptrollers and Financial Secretaries should maintain, at the organization's principal place of business, a file that includes the above-mentioned group exemption letters, and Forms 990 and/or Forms 990-EZ filed in the previous three years. Under federal law, this file must be open to public inspection during regular business hours, and copies of the filings must be provided to anyone who requests them, at the cost to the requester.⁵

IV. Home Corporations

A. Defined

Councils and assemblies are unincorporated associations that may not hold title to real estate. State law, however, allows council members to establish home corporations as non-stock, non-profit corporations that may qualify as tax-exempt organizations under IRC Section 501(c)(2) (title holding company) or Section 501(c)(7) (social club). To qualify as a title-holding company under Section 501(c)(2), the home corporation's income must be earned solely from the rental of the real estate, or other passive sources. If a home corporation receives income from business sources, such as from the operation of a bar, or from gaming, then it must operate as a social club under Section 501(c)(7). Liquor licenses must be held in the name of the home corporation and not the council. Membership in the home corporation is restricted to those council members in good standing; when a person's membership is terminated, his home corporation membership

⁵ Failure to comply with this requirement is punishable under Section 6652 of the IRC, by a fine of \$20 per day of non-compliance, up to a maximum of \$10,000. In addition, a \$5,000 penalty may be assessed against any person who willfully fails to provide access to these returns.

terminates as well. Home corporations should maintain their own property/casualty and excess liability insurance coverage, as they are not covered by policies paid for by the Knights of Columbus or its subordinate units. The officers of a home corporation should consult with an attorney to ensure compliance with all requirements under state law.

Funds contributed to a council to acquire, build, or maintain a home corporation building are not recognized by the IRS as charitable contributions and may not be deducted by the donor. Furthermore, the raising of such funds by the council is not considered a charitable activity (see Revenue Ruling 56-329). Each home corporation should maintain its own records and bank accounts.

B. Home Corporations Required to File Tax Returns

Home corporations are required to file federal tax returns. Home corporations *are not* subordinate units of the Knights of Columbus and *are not* tax-exempt under the Order's group exemption. Each home corporation must obtain its own EIN, which is distinct from that of the council whose members formed the home corporation. To the extent that a home corporation is organized as a non-profit entity, it may apply to the IRS for tax exempt status under Section 501(c)(2) or Section 501(c)(7) of the IRC.

Home corporations may be subject to property tax and sales tax, unless specifically exempted by statute.

V. Pass-Through Charitable Fundraising

Donations to Knights of Columbus councils for fraternal or social purposes are never deductible and most donations for charitable purposes are not deductible. However, the Internal Revenue Service permits a narrow exception to this general rule, which is codified at Section 170(c)(4) of the Internal Revenue Code. Pursuant to Section 170(c)(4), a council may collect multiple individual donations, deposit them into a dedicated bank account, and then send a check for the cumulative amount to a charitable entity that is recognized by the IRS under Section 501(c)(3). This is known as "pass-through charitable fundraising".

Donations made in this manner may be tax-deductible by the individual donors as charitable contributions under certain conditions and restrictions, including the following:

- The council collects the donations and deposits them in a separate bank account, insuring that the funds are totally segregated from any and all other funds of the council or assembly; this account may be designated as "[Council/Assembly] [No. xxxx] Charity Account".
- The council passes the accumulated donations directly to an entity that is recognized as a charity under Section 501(c)(3).

- The funds are not used in any manner for any social or fraternal purposes, including payment of expenses incurred in hosting the fundraising event.
- Only individual taxpayers, not non-person taxpayers (such as corporations or partnerships), are eligible to claim a tax deduction.

Councils may not issue receipts for donors who have made monetary contributions to a charitable entity. Rather, the council should provide the charitable entity that received the donations with a list of all donors' names and addresses, along with the amount of their respective donations; the charitable entity may then issue receipts and letters of acknowledgment that the donors may retain for tax purposes. We strongly advise councils and assemblies to retain the services of a qualified accountant to ensure compliance with Section 170(c)(4).

If any Knights of Columbus council utilizes the pass-through charitable fundraising mechanism of Section 170(c)(4) and has annual gross receipts of more than \$50,000, excluding the pass-through receipts, it must report total pass-through contributions to the IRS on Schedule B, which is filed with its return (Forms 990 or 990-EZ). Individual contributions totaling \$1,000 or more must also be reported on Schedule B. Councils may not issue tax receipts to donors; instead, the council should arrange for the charitable entity that receives the funds to provide donors with a written acknowledgement of their contribution (See IRS Publication 1771).

If a council has annual gross receipts of \$50,000 or less, excluding pass-through receipts, it is required only to file Form 990-N, as set forth in Section II, above, unless its year-end assets are \$500,000 or more. If the council or assembly has year-end assets of \$500,000 or more, then it must file a Form 990 or 990-EZ.

VI. Licensed Gaming

Many states allow non-profit, tax-exempt organizations, including fraternal benefit societies, to engage in charitable gaming in order to raise funds for charitable organizations and activities. Such charitable gaming may include instant tickets, lotteries, pull tabs, raffles and other gaming activities. The exempt organization conducting gaming must include gaming proceeds in its gross receipts on its annual Form 990. Councils that conduct gaming activities must do so in full compliance with all applicable local, state, and federal laws. The responsibility for such compliance rests with the officers of the council.⁶

The proceeds from certain bingo games may be exempt from the tax on unrelated business income if the games meet the requirements of IRC Section 513(f) and may be excluded from the

⁶ IRS Publication 3079 covers tax exempt organizations and gaming and informs organizations of their potential liability for income, employment, and excise taxes. Depending upon the type of gaming activity, an organization may be required to file a monthly tax return (Form 730) and pay excise tax on its gross receipts. The organization may also have to include the net receipts in filing requirements for Form 990-T and possibly pay tax on unrelated taxable income resulting from the activity. There also may be other filing requirements concerning reporting income and withholding tax on winnings (Form W-2G), employment tax filings for employees, and excise taxes or occupational taxes (Form 11C) concerning the gaming.

wagering tax under IRC Section 4401. Income from the sale of "instant bingo" tickets or "bingo" pull-tabs does not qualify for the bingo exclusion. For further clarification of this issue, you should consult a professional tax adviser.

Councils engaged in charitable gaming should review, in consultation with their tax adviser, all relevant IRS forms and publications. Such forms and publications may be obtained from the IRS as indicated in footnote 4 above. Please note that gross receipts from such gaming must be included under the EIN of the council or assembly actually conducting the gaming operations.

VII. Conclusion

In sum, although the Knights of Columbus is a tax-exempt organization, all subordinate units have a legal obligation to file annual federal tax returns. In fulfilling this obligation, we strongly suggest that you consult with a local accountant or tax attorney. If you have questions relating to your council's tax reporting obligations, please contact the Knights of Columbus Legal Department by email at tax.ein@kofc.org.

Form **SS-4**
(Rev. January 2010)
Department of the Treasury
Internal Revenue Service

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

OMB No. 1545-0003

EIN

▶ See separate instructions for each line. ▶ Keep a copy for your records.

Type or print clearly.

1 Legal name of entity (or individual) for whom the EIN is being requested
Council or Assembly Name & Number (do not use KofC in name)

2 Trade name of business (if different from name on line 1)
N/A

3 Executor, administrator, trustee, "care of" name
Financial Secretary or Faithful Comptroller's Name

4a Mailing address (room, apt., suite no. and street, or P.O. box)
(wherever you wish mail to go to)

5a Street address (if different) (Do not enter a P.O. box.)
N/A

4b City, state, and ZIP code (if foreign, see instructions)

5b City, state, and ZIP code (if foreign, see instructions)
N/A

6 County and state where principal business is located

7a Name of responsible party
(Financial Sec. or Faithful Comptroller)

7b SSN, ITIN, or EIN
(enter SS #)

8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? Yes No

8b If 8a is "Yes," enter the number of LLC members

8c If 8a is "Yes," was the LLC organized in the United States? Yes No

9a Type of entity (check only one box). Caution: If 8a is "Yes," see the instructions for the correct box to check.

- Sole proprietor (SSN)
- Partnership
- Corporation (enter form number to be filed) ▶
- Personal service corporation
- Church or church-controlled organization
- Other nonprofit organization (specify) ▶ **Fraternal Benefit Society**
- Other (specify) ▶
- Estate (SSN of decedent)
- Plan administrator (TIN)
- Trust (TIN of grantor)
- National Guard State/local government
- Farmers' cooperative Federal government/military
- REMIC Indian tribal governments/enterprises

Group Exemption Number (GEN) if any ▶ **0188**

9b If a corporation, name the state or foreign country (if applicable) where incorporated
N/A State N/A Foreign country N/A

- 10 Reason for applying (check only one box)
- Started new business (specify type) ▶
 - Banking purpose (specify purpose) ▶
 - Hired employees (Check the box and see line 13.)
 - Compliance with IRS withholding regulations
 - Other (specify) ▶ **Newly chartered 501(c)(8) subordinate**
 - Changed type of organization (specify new type) ▶
 - Purchased going business
 - Created a trust (specify type) ▶
 - Created a pension plan (specify type) ▶

11 Date business started or acquired (month, day, year). See instructions.
Council or Assembly charter date

12 Closing month of accounting year Choose: **Dec. 31st**
June 30th

13 Highest number of employees expected in the next 12 months (enter -0- if none).
If no employees expected, skip line 14.

Agricultural	Household	Other
N/A	N/A	N/A

14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. N/A

15 First date wages or annuities were paid (month, day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year).
▶ N/A

- 16 Check one box that best describes the principal activity of your business.
- Construction Rental & leasing Transportation & warehousing Accommodation & food service Wholesale-agent/broker
 - Real estate Manufacturing Finance & insurance Other (specify) **Fraternal Benefit Society**
 - Health care & social assistance Wholesale-other Retail

17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.
N/A

18 Has the applicant entity shown on line 1 ever applied for and received an EIN? Yes No
If "Yes," write previous EIN here ▶

Third Party Designee

Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.
Designee's name N/A
Designee's telephone number (include area code) ()
Address and ZIP code N/A
Designee's fax number (include area code) ()

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (type or print clearly) ▶ (Print FS or FC name)
Applicant's telephone number (include area code) ()
Applicant's fax number (include area code) ()

Signature ▶ (signature of FS or FC) Date ▶ (today's date)

Form **SS-4**
(Rev. January 2010)
Department of the Treasury
Internal Revenue Service

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)
▶ See separate instructions for each line. ▶ Keep a copy for your records.

OMB No. 1545-0003

EIN

Type or print clearly.

1 Legal name of entity (or individual) for whom the EIN is being requested				
2 Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name			
4a Mailing address (room, apt., suite no. and street, or P.O. box)	5a Street address (if different) (Do not enter a P.O. box.)			
4b City, state, and ZIP code (if foreign, see instructions)	5b City, state, and ZIP code (if foreign, see instructions)			
6 County and state where principal business is located				
7a Name of responsible party	7b SSN, ITIN, or EIN			
8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input type="checkbox"/> No	8b If 8a is "Yes," enter the number of LLC members ▶			
8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No				
9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.				
<input type="checkbox"/> Sole proprietor (SSN) _____ <input type="checkbox"/> Estate (SSN of decedent) _____ <input type="checkbox"/> Partnership <input type="checkbox"/> Plan administrator (TIN) _____ <input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____ <input type="checkbox"/> Trust (TIN of grantor) _____ <input type="checkbox"/> Personal service corporation <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Church or church-controlled organization <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> Other nonprofit organization (specify) ▶ _____ <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises <input type="checkbox"/> Other (specify) ▶ _____ Group Exemption Number (GEN) if any ▶ _____				
9b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country		
10 Reason for applying (check only one box)				
<input type="checkbox"/> Started new business (specify type) ▶ _____ <input type="checkbox"/> Banking purpose (specify purpose) ▶ _____ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Changed type of organization (specify new type) ▶ _____ <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Purchased going business <input type="checkbox"/> Other (specify) ▶ _____ <input type="checkbox"/> Created a trust (specify type) ▶ _____ <input type="checkbox"/> Created a pension plan (specify type) ▶ _____				
11 Date business started or acquired (month, day, year). See instructions.		12 Closing month of accounting year		
13 Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.		14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>		
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; text-align: center;">Agricultural</td> <td style="width:33%; text-align: center;">Household</td> <td style="width:33%; text-align: center;">Other</td> </tr> </table>			Agricultural	Household
Agricultural	Household	Other		
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶				
16 Check one box that best describes the principal activity of your business.				
<input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Health care & social assistance <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail <input type="checkbox"/> Other (specify) _____				
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.				
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," write previous EIN here ▶				
Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.			
	Designee's name	Designee's telephone number (include area code)		
	Address and ZIP code	Designee's fax number (include area code)		
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code)		
Name and title (type or print clearly) ▶		Applicant's fax number (include area code)		
Signature ▶	Date ▶			



KNIGHTS OF COLUMBUS

MAKING A DIFFERENCE FOR LIFE

Date

ADD TO MASTER LIST

Office of the Supreme Advocate
PO Box 1670
New Haven, CT 06507

RE: Authorization to Apply for Federal Income
Tax Exemption Under Section 501(c)(8)

Worthy Supreme Advocate:

This authorizes you to apply for inclusion of our (council/assembly) in the Supreme Council's group exemption roster. Our (council/assembly) is a subordinate organization affiliated with and under the general supervision of the Supreme Council. If it is added to the group exemption, it will be exempt from federal income taxes under Internal Revenue Code Section 501(c)(8).

This authorization is given pursuant to Revenue Procedure 68-13.

Grand Knight/Faithful Navigator

Council/Assembly Name _____

Council/Assembly No. _____

Address _____

(Council's/Assembly's Federal
Employers Identification Number _____



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OCT 15 1998

Knights of Columbus Supreme Council
One Columbus Plaza
New Haven, CT 06510-3325

Dear Sir or Madam:

This letter is in response to your request for a letter from the Internal Revenue Service confirming your exempt status and the exempt status of your subordinate units.

Our records indicate your Employee Identification Number is _____ and that a group ruling issued in October 1940, recognized your organization and subordinate councils as being exempt from federal income tax under what is now section 501(c)(8) of the Internal Revenue Code (IRC). Your Group Exemption Number is 0188. The group ruling is still in effect.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harold N. Toppall".

Harold N. Toppall
Chief, Projects Branch 2
Exempt Organizations Division



OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESSES REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

IT:P:T:1

MJC

TREASURY DEPARTMENT
WASHINGTON

OCT 25 1940

Knights of Columbus,
c/o Mr. Luke E. Hart,
Supreme Advocate,
LaSalle Building,
St. Louis, Missouri.

Sirs:

Reference is made to the information submitted by you for use in determining your status and the status of your local subordinate councils for Federal income and employment tax purposes.

It is the opinion of this office, based upon the evidence presented, that you and your subordinate councils listed in the "Directory of Councils and Officers, 1939-40" are exempt from Federal income tax under the provisions of section 101(3) of the Internal Revenue Code and the corresponding provisions of prior revenue acts.

Accordingly, you and your subordinate councils will not be required to file returns of income unless there is a change in the character of your organization, the purposes for which you were organized or your method of operation, or that of your subordinate councils. Any such changes should be immediately reported by you to this Bureau in order that the effect of such changes upon the present exempt status may be determined. You should furnish the Bureau annually, on the calendar year basis, lists in quadruplicate showing the names and addresses of any councils which were chartered during the calendar year and the names and addresses of any councils which for any reason ceased to exist. Such annual lists should be accompanied by a statement, sworn to by one of your principal officers, as to whether or not the information heretofore submitted by you and on which this ruling is based, is applicable in all respects to the new councils appearing on the lists, and should be forwarded so as to reach this office not later than February 15 of the following year.

The exemption evidenced by this letter relates specifically to Federal income tax, but since any organization which is exempt from such tax under the provisions of section 101 of the Internal

- 2 -

Knights of Columbus,
St. Louis, Missouri.

Revenue Code also is entitled to exemption from the capital stock tax pursuant to the express provisions of section 1201(a)(1) of the Internal Revenue Code, you and your subordinate councils will not be required to file capital stock tax returns for future years so long as the exemption from income tax is effective.

The determination of the status of your organization and subordinate councils for Federal employment tax purposes will be made the subject of a separate communication.

A copy of this ruling is being transmitted to the collectors of internal revenue for the several districts in which you and your subordinate councils are located.

By direction of the Commissioner.

Respectfully,

**ANNUAL ELECTRONIC FILING REQUIREMENT FOR KNIGHTS OF
COLUMBUS SUBORDINATE COUNCILS**

All Knights of Columbus subordinate councils must now complete some type of annual filing with the Internal Revenue Service (IRS). The type of return depends on the amount of the council's gross receipts. For tax year 2010, if a council's gross receipts are \$50,000 or less, it must file IRS Form 990-N (commonly referred to as the e-Postcard). If a council's gross receipts are between \$50,000 and \$200,000, it must file IRS Form 990-EZ. If a council's gross receipts exceed \$200,000, it must file IRS Form 990. These rules apply to all state councils, local councils, chapters, and assemblies.

In 2008, the IRS began requiring small tax-exempt organizations, including Knights of Columbus councils and assemblies, to file an annual tax form, IRS Form 990-N/e-Postcard or IRS Form 990-EZ. Most of the smaller councils will qualify for filing IRS Form 990-N/e-Postcard. The IRS Form 990-N/e-Postcard is an informational return and is not used to report taxable income or tax liability. It is relatively brief and must be filed electronically; there is no paper form for the e-Postcard.

To access the IRS electronic filing system, go to the IRS website (www.irs.gov). Click on "Charities & Non-Profits" on the bar across the top of the page and it will take you to a page where you may scroll down until you see the topic for the IRS Form 990-N/e-Postcard. Once you click on that topic, you will be able to access the on-line e-Postcard filing. You will be asked to register and enter the council or assembly's tax identification number (EIN). Each council and assembly must have its own EIN; you may not use the Supreme Council's EIN.

When filing the e-Postcard, you must designate the 12-month period that you have selected as the tax year for your council or assembly (e.g., January 1 to December 31; July 1 to June 30). This is the tax year you established when you originally filled out Form SS-4 to apply for your EIN. If you do not know the tax year you originally selected, try using the 12-month period ending December 31. If the system rejects your filing, then you likely chose the 12-month period ending June 30 as your tax year (the Order's "fraternal year"). The e-Postcard is due every year by the 15th day of the 5th month after the close of your tax year. So, for example, if your tax year ends December 31, the e-Postcard is due by May 15 of the following year. While you may file the e-Postcard before the deadline, you may not file the

e-Postcard until after your tax year ends. Keep in mind that you may file the e-Postcard only for the tax year that is currently due. The system does not allow you to file e-Postcards for prior years. There is a list of Frequently Asked Questions at the bottom of the IRS page to help answer any questions you may have.

The IRS may revoke the tax-exempt status of any organization that fails to meet its annual filing requirement for three consecutive years. Therefore, councils that do not file a Form 990-N/e-Postcard, Form 990, or Form 990-EZ for three consecutive years may have their tax-exempt status revoked as of the filing due date of the third year. If your council is delinquent with its filings, you should immediately contact a tax advisor.

If you have specific questions about the IRS e-Postcard filing requirements, please click on the following link:

<http://www.irs.gov/charities/article/0,,id=177782,00.html>

(Revised 4/4/2011)

Worksheet for 2010 IRS Form 990 and Form 990-EZ Gross Receipts Test

A tax exempt organization's gross receipts are the total amount it received from all sources during its annual accounting period, without subtracting any costs or expenses. Gross receipts are the sum of: (See Specific Instructions for Form 990-EZ, Page 9 and for Form 990, Page 67)

1. Contributions, gifts, grants and similar amounts received:
(Specific Instructions for 990-EZ, Page 9, for 990, Page 34) _____
 2. Program service revenue:
(Specific Instructions for 990-EZ, Page 11, for 990, Page 35) _____
 3. Membership dues and assessments (Not including Supreme or
or State per capita)
(Specific Instructions for 990-EZ, Page 11, for 990, Page 34) _____
 4. Investment income:
(Specific Instructions for 990-EZ, Page 11, for 990, Page 36) _____
 5. Gains (or Losses) amount from sale of assets other than inventory:
(Specific Instructions for 990-EZ, Page 12, for 990, Page 37) _____
 6. Special events and activities:
(Specific Instructions for 990-EZ, Page 12, for 990, Page 37) _____
 7. Gross sales of inventory:
(Specific Instructions for 990-EZ, Page 13, for 990, Page 38) _____
 8. Other revenue:
(Specific Instructions for 990-EZ, Page 13, for 990, Page 38) _____
- Total Gross Receipts:**
(Add lines 1 through 8) _____

If Total Gross Receipts are equal to or less than \$50,000 excluding pass-through receipts, you do not have to file Form 990 or Form 990-EZ, unless your assets at year-end were \$500,000 or more. However, you must file form 990-N.

If Total Gross Receipts are more than \$50,000, you must file either Form 990 or Form 990-EZ and report all pass-through receipts.

If Total Gross Receipts are more than \$50,000 but less than \$200,000 and total assets at year-end were less than \$500,000, you may file Form 990-EZ. Read carefully the IRS instructions for Form 990 and Form 990-EZ.

If Total Gross Receipts are equal to or greater than \$200,000 or total assets at year end were equal to or greater than \$500,000 you must file Form 990. Read carefully the IRS instructions for Form 990 and Form 990-EZ.

Proceed to Form 990-N, Form 990 or Form 990-EZ as determined above.

**RE: KNIGHTS OF COLUMBUS SUPPLEMENTAL INSTRUCTIONS FOR 2010 ANNUAL
FEDERAL INFORMATION RETURN IRS FORM 990-EZ**

Internal Revenue Service (IRS) Form 990-EZ and instructions may be viewed and downloaded from the IRS website www.irs.gov or they can be obtained from IRS local offices or by calling the IRS forms-ordering number 1-800-TAX-FORM (1-800-829-3676).

The IRS may send you a Form 990 or 990-EZ Form and instructions. The set from the IRS will include an address label showing last year's address. That label should be used in filing the form for the current year. If any information on the label is wrong, draw a line through that part and correct it following the Specific Instructions for Form 990-EZ, Item C, Page 8. If you did not file Form 990-EZ for 2009, you may not receive a packet from the IRS.

On Line "A," indicate the beginning and ending dates of your accounting year, if different from the calendar year.

On Line "B," check the box if the Council's mailing address has changed since the filing of the 2009 Form 990-EZ, or if the pre-addressed label you have received from the IRS was incorrect and you are correcting the information.

When completing the Name of Organization and address Box "C," use the pre-addressed mailing label you may have received from the IRS and follow the Specific Instructions for Form 990-EZ, Item C, Page 8 regarding name and address. Be certain to use your council's correct name and council number. Most council names should read, "Knights of Columbus Council No. (insert council number)." The Council or Assembly number may be a one, two, three, four or five digit number. While for computer purposes it may be preceded by a "0," do not do so here. Councils with adopted names should read "Knights of Columbus, (insert the adopted name), Council No. (insert council number)". **Do not** use the title "Supreme Council" anywhere in the name of your organization.

Your council's Employer Identification Number (EIN), a nine digit identification number issued by the IRS, should be inserted in Box "D" of the Form 990-EZ; if your council does not have its own EIN, please call the Home Office for more information. Pending receipt of an EIN, insert the words "applied for" in Box "D" of Form 990-EZ. Each council must have its own EIN in order to be listed under the Order's Group Exemption Number. **Do not** use the Supreme Council's EIN.

On Line "F," enter the group exemption number (GEN) 0188.

On Line "G," check the box reflecting the method of accounting. Usually this will be cash.

Line "H" must be completed or the return will not be considered complete. If the council did not receive any "pass-through charitable" contributions to be used exclusively for charitable (not fraternal or social) purposes and did not receive any non-charitable contributions of \$5,000.00 or more, then check the box on Line "H" indicating the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF). See Specific Instructions for Form 990-EZ, Page 8. If the council did receive any "pass-through charitable" contributions to be used exclusively for charitable (not fraternal or social) purposes and is otherwise required to file Form 990-EZ because it has gross receipts of more than \$50,000 excluding the pass-through receipts or had year-end assets of \$500,000 or more, then Schedule B (Form 990, 990-EZ, or 990-PF) must be completed, reporting contribution totals including pass-through receipts and individual contributions of \$1,000.00 or more. See Specific Instructions for Form 990-EZ, Page 8 and the instructions for Schedule B. Contributions of \$250.00 or more must be provided a written acknowledgement substantiating the contribution (see IRS Publication 1771).

On Line "J," check the box for 501(c) and insert the figure "8" between the parentheses.

On Line "K," check the box if your gross receipts are normally not more than \$50,000. You need not file a completed Form 990-EZ with the IRS if your receipts are not more than \$50,000, unless your assets at year-end are \$500,000 or more. However you must file a Form 990-N. See Specific Instructions for Form 990-EZ, Page 9, K.

On Line "L," enter your 2010 gross receipts. If they are \$200,000 or more, you must file Form 990 instead of Form 990-EZ. If more than \$50,000 but less than \$200,000, you may file Form 990-EZ. Also, if your assets at year-end are \$500,000 or more, you must file Form 990 instead of Form 990-EZ, regardless of the amount of your 2010 gross receipts.

The remainder of the return should be completed as required by the Specific Instructions for Form 990-EZ, Pages 8-23. Remember that "membership dues and assessments" (Part I, Line 3) includes the total amount of all dues collected, minus the amount paid to the Supreme and State Councils for per-capita tax assessments and Catholic Advertising.

To avoid filing an incomplete return, you should enter "N/A" if an item does not apply or "0" (zero) if an amount is zero.

Part I:

Line 6a: Report gross income from bingo, pull tabs, instant bingo, Texas Hold-Em Poker and other card games, raffles, scratch-offs, casino/Las Vegas nights (other than events not regularly carried on in which players can play casino games but the only prizes or auction items provided to players are noncash items that were donated to the council, which events are fundraising events), and coin-operated gambling devices on Line 6a. Subtract expenses on Line 6c.

Line 6b: Report gross income from all fundraising events and activities such as dinners, dances, carnivals, concerts, sports events and auctions. The primary purpose of fundraising events and activities is to raise funds to finance the council's exempt activities.

Part II: Follow Specific Instructions for Form 990-EZ Page 15.

Part III: Primary Exempt Purpose should be described as "Educational, Charitable, Religious and Social Welfare Works".

Lines 28, 29 and 30: Describe your three most successful program activities for the year. Describe the activity and the general benefit. Assistance in describing the benefit may be found in the general program activity booklets. Do not include any dollar amounts either in "Grants" or "Expenses."

Part IV: List your Grand Knight, Financial Secretary and Trustees. Those that are paid no compensation should be indicated by a "0" (zero) in Column C. Column (d) will normally be left blank.

Part V:

Question 35 must be answered to show whether your council had gross income in excess of \$1,000 from an unrelated trade or business. You must file a Form 990-T if you have gross income of \$1,000 or more derived from a business that is regularly carried on and is unrelated to your exempt purposes. Organizations with unrelated taxable business income are taxed at the corporate rate and must file the 990-T by the fifteenth day of the fifth month following the close of the taxable year. If the answer to 35a is "yes," then 35b must be answered as to whether a Form 990-T has been filed.

Question 36: Your answer generally will be "No." If your answer to Question 36 is "Yes," your schedule of disposed assets should be given in detail. See the Specific Instructions for Form 990-EZ, Page 19.

Question 37a: The answer should be "0" (zero). **Question 37b:** The answer should be "No." Councils should not make political expenditures as described in Specific Instructions for Form 990-EZ, Line 37, Page 19.

Question 38a: The answer should be "No," if your answer to Question 38a is "Yes," attach Part II of Schedule L as specified in Specific Instructions for Form 990-EZ, Line 38, Page 19.

The answer to **Questions 39a, 39b, 40a, 40b, 40c and 40d** is not applicable, "N/A". If you are required to file a copy of this return with your state, complete **Question 41**. Complete **Question 42** with the name, address and telephone number of the Financial Secretary. **Do not** check the box on Line 43.

The Grand Knight, Deputy Grand Knight, Treasurer or Financial Secretary, or equivalent officer of State Councils and Assemblies, must sign form 990-EZ. The completed form must be filed by mailing to the Internal Revenue Service Center, Ogden, UT 84201-0027 as shown on Page 6 of the General Instructions for Form 990-EZ.

BACKGROUND INFORMATION
RE: SUBORDINATE COUNCILS, STATE COUNCILS,
ASSEMBLIES AND RELATED HOME CORPORATIONS

TAX STATUS OF THE KNIGHTS OF COLUMBUS

The Knights of Columbus is a fraternal benefit society under Internal Revenue Code Section 501(c)(8). The group exemption of the Knights of Columbus, dating from 1940, extends to subordinate councils of the Knights of Columbus, state councils and assemblies provided the Employer Identification Number (EIN) of such subordinate council is properly listed with the Supreme Advocate and thereafter, through the Supreme Advocate, listed with the IRS for inclusion in the group exemption listing.

GROUP EXEMPTION

The group exemption of the Knights of Columbus as a 501(c)(8) Fraternal Benefit Society is an exemption from most forms of federal income tax but not necessarily all. The group exemption does not extend to state or local sales taxes or property taxes unless specific state-granted statutory exemptions exist. The group exemption extends only to subordinate units of the Knights of Columbus: state councils, local councils and assemblies. It does not extend to related entities such as home corporations or home associations. Home corporations must qualify for federal tax exempt status on their own merits, as either 501(c)(2) title holding organizations or 501(c)(7) social clubs, depending on the manner in which they operate and their sources of income. Local tax advisors, accountants or attorneys can assist with this matter. Councils and assemblies should have property casualty liability insurance coverage. No such coverage exists or extends from the Supreme Council to councils and assemblies.

SALES TAXES

The federal income tax exempt status of the Knights of Columbus is not an exemption from state or local sales tax. For example, The Supreme Council, located in Connecticut, pays sales tax to the State of Connecticut on purchases. States generally grant sales tax exemptions only to IRS recognized 501(c)(3) charitable tax exempt organizations. Therefore your council or assembly is subject to sales tax on purchases, unless a specific state granted statutory exemption from sales taxes for Fraternal Benefit Societies exists in your state. A local tax advisor, accountant or attorney, or state revenue department can advise you.

HOME CORPORATION STATUS

Subordinate Councils of the Knights of Columbus are unincorporated associations which exist under charters issued by the Supreme Council. Under state law, they lack independent continuity of existence and are not eligible to be incorporated or to hold title to real estate. It is for that reason that home corporations are created as non-stock, non-profit corporations under state statutes. These corporations may qualify as either 501(c)(2) title holding organizations or 501(c)(7) social clubs, depending on how they operate and their sources of income. 501(c)(2) title holding organizations are created as non-stock, non-profit corporations under state law solely to hold title to real estate for another category of non-stock, non-profit, tax exempt organization, which is itself not eligible to hold title. Such organizations may have income only from the rental of the real estate in question such as rental earned from the council for its use or rental to other groups in the community. If other sources of income exist such as a bar, restaurant, or licensed gaming, then the home corporation must operate as a 501(c)(7) social club, the same category as a golf club or country club. If a liquor license is required it must be in the name of the home corporation, not in the name of the council. Home corporations should have property casualty liability coverage.

501(c)(7) social clubs may be subject to income tax on unrelated business taxable income if their receipts include more than 15% from non-members and may be required to file IRS Form 990T and pay tax on the unrelated business taxable income from non-members. Both 501(c)(2) and 501(c)(7) organizations would not be exempt from property tax or sales tax unless specific state granted statutory exemptions were to exist and they usually do not.

The membership in the home corporation may include only members in good standing of the council for whose benefit the corporation is formed. When a person's council membership is terminated, his membership in the corporation must automatically terminate. Model Articles of Incorporation and by-laws for home corporations are available from the Supreme Advocate's Office. They should be reviewed by an attorney licensed in your state to ensure that your by-laws meet all specific state statutory requirements.

It is important that councils with home corporations operate the two as entirely separate legal entities, each with its own EIN, its own records and bank accounts, and each filing its own Form 990 or Form 990-N with the IRS. The officers of each organization are responsible for compliance with applicable federal state and local laws and for making the required filings, if any.

Raising funds to build a home corporation building related to a Knights of Columbus Council is not recognized as a charitable activity by the IRS. Contributions for the purpose of acquiring, erecting, and/or maintaining a building used by a fraternal organization in its fraternal and other activities do not constitute charitable contributions and are not deductible. Revenue Ruling 56-329

PASS THROUGH CHARITABLE FUNDRAISING

The status of the Knights of Columbus as a 501(c)(8) Fraternal Benefit Society also means that contributions to the council for fraternal purposes are not deductible by the donor. It is for this reason that dues notices include disclaimers regarding deductibility. There is an exception, however, to this rule. Contributions to a council by an individual might be deductible as a charitable contribution if Internal Revenue Code Section 170(c)(4) is complied with and those funds are used exclusively for charitable purposes.

The law allows deductibility by an individual of a contribution made to a fraternal benefit society if that contribution is to be used *exclusively* for charitable purposes. If this occurs, funds so solicited and collected may not be commingled in any manner and must be totally segregated from other council funds. Those funds cannot be used for social or fraternal purposes but may only be used exclusively for charitable purposes. This provision is the only provision under which any funds transferred to a Knights of Columbus subordinate council or assembly could be treated as deductible by the donor. Donations under IRC Sec.170(c)(4) must be reported by filing Form 990 Schedule B. Such donations of \$250.00 or more must be acknowledged as required by IRS publication 1771.

Also, this limited exception is only allowed to individual taxpayers; it can not be utilized by businesses or corporations. Therefore, it would not be applicable in any instance concerning corporate matching funds or discounts on corporate donation of goods or services. Bequests to a fraternal benefit society from an individual's estate might be eligible to be treated as charitable bequests if the will directs they are to be used exclusively for religious, charitable, scientific, literary or educational purposes, not fraternal or social, under IRC Sec.2055 (a)(3).

LICENSED GAMING – IMPORTANT IRS INFORMATION

Many states allow non-profit tax-exempt organizations such as fraternal benefit societies like the Knights of Columbus to engage in charitable gaming to raise funds for charitable organizations and activities. Activity of this nature must be conducted in full compliance with all applicable local, state, and federal laws. The responsibility for complying with these laws rests with the officers of the subordinate council or assembly engaged in the activity.

The Internal Revenue Service has published a gaming publication for tax exempt organizations, IRS Publication 3079, to inform organizations of their compliance requirements concerning charitable gaming activity for income taxes, employment taxes and excise taxes. This activity may include instant tickets, lotteries, pull tabs, raffles and other gaming activities. The exempt organizations conducting gaming would have to include gaming gross receipts in their 990 filing requirement calculations.

Depending upon the type of gaming activity, the organization may be required to file Form 730, a monthly tax return and pay an excise tax on the gross receipts. The organization may also have to include the net receipts in filing requirements for Form 990T and possibly pay tax on unrelated taxable income resulting from the activity. There may also be other filing requirements concerning reporting income and withholding tax on winnings Form W-2G, employment tax filings for employees, and excise taxes or occupational taxes Form 11C concerning the gaming.

Certain bingo games may be exempt from the tax on unrelated business taxable income if they meet the requirements of IRC Sec. 513(f) and might be excluded from the wagering tax under IRC Sec. 4401. Income from the sale of "instant bingo" tickets or "bingo" pull-tabs do not qualify for the bingo exclusion.

It is recommended that subordinate councils or assemblies engaged in any form of charitable gaming carefully review these requirements by obtaining from the IRS: IRS Publication 3079, IRS Forms 730, 990, 990EZ, 990T, W-2G and 11C and instructions. These should be reviewed with an experienced accountant or attorney advising the council regarding tax compliance. The publications and forms and instructions may be obtained from the IRS by calling 1-800-829-3676, or the IRS website (www.irs.gov).

If the charitable gaming license is in the name of the council and under the EIN of the council, the gross receipts of the gaming must be included in the council's receipts for purposes of the Form 990 filing threshold. If the charitable gaming license is in the name of the home corporation and under the EIN of the home corporation, then the gross receipts of the gaming must be included in the home corporation's receipts for purposes of the Form 990 filing threshold.

IRS ANNUAL INFORMATION RETURN FORM 990 OR 990-EZ

Each state and subordinate council and assembly must file its own Form 990 or Form 990-EZ if it reached the \$50,001 gross receipts threshold. Councils and assemblies with annual gross receipts equal to or less than \$50,000 must file Form 990-N and should see the sheet entitled "Annual Electronic Filing Requirement for Knights of Columbus Subordinate Councils". There is no group or consolidated filing. Council related home corporations make their own Form 990 or Form 990-EZ filings if the home corporation's gross receipts reach the \$50,001 threshold, or otherwise their own Form 990-N filing. The officers of each organization are responsible for compliance with applicable federal, state, and local laws and for making the required filings, if any.

IRS FAQs:

Annual Electronic Notice - Form 990-N (e-Postcard) e-Postcard: Frequently Asked Questions and Answers

1. Who must file Form 990-N (e-Postcard)?

Under the Pension Protection Act of 2006, most small tax-exempt organizations whose gross receipts are less than \$50,000 must file Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ. Before this law was enacted, these small organizations were not required to file annually with the IRS. The first filings were due in 2008 for tax years ending on or after December 31, 2007. Note that for years before 2010, organizations with gross receipts above \$25,000 were required to file Form 990 or Form 990-EZ. The \$25,000 limit was raised to \$50,000 for 2010.

2. What organizations are ineligible to file the e-Postcard?

The following organizations are not eligible to file the e-Postcard but must file different forms instead;

- Private foundations must file Form 990-PF;
- Tax-exempt organizations with annual gross receipts that are equal to or greater than \$50,000 must file Form 990 or Form 990-EZ;
- IRC section 527 (political) organizations required to file an annual exempt organization return must file Form 990 or Form 990-EZ;
- Section 509(a)(3) supporting organizations are required to file Form 990 or Form 990-EZ.

3. How do I file the e-Postcard?

The e-Postcard is filed electronically by answering fewer than ten questions in an online form that can be found at <http://epostcard.form990.org>. When you link to the system, you leave the IRS site and file the e-Postcard with the IRS through our trusted partner Urban Institute. If you have trouble linking to the filing system through the IRS website, the URL for the Urban Institute site is <http://epostcard.form990.org>. The form must be completed and filed electronically. There is no paper form.

4. How much does it cost to file the e-Postcard?

Filing the e-Postcard is free.

5. Do I need to purchase a computer and software to file the e-Postcard?

No, the IRS has created a simple Internet based process for filing the e-Postcard, so organizations do not need to purchase software to file. Organizations that do not have

access to a computer can go to places that provide Internet access to the public, such as their local library, to file the e-Postcard.

6. Do I need an e-mail address to file the e-Postcard?

Yes, you will need an email address. The system uses the email address to activate your login ID and password and to notify you if your e-Postcard was accepted or rejected by the IRS. If rejected, the email will contain instructions on who to contact to resolve the problem.

7. When is the e-Postcard due? How often do I need to file?

The e-Postcard is due every year by the 15 day of the fifth month after the close of your tax year. For example, if your tax year ended on December 31st, the e-Postcard is due May 15th.

A tax year is usually 12 consecutive months. There are two kinds of tax years;

• **Calendar Tax Year**

This is a period of 12 consecutive months beginning January 1 and ending December 31;

or

• **Fiscal Tax Year**

This is a period of 12 consecutive months ending on the last day of any month except December.

If you do not file your e-Postcard on time, the IRS will send you a reminder notice but you will not be assessed a penalty for late filing the e-Postcard. However, an organization that fails to file required e-Postcards (or information returns – Form 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The revocation of the organization's tax exempt status will not take place until the filing due date of the third year.

8. How can I determine what my organization's tax year is?

Generally, your tax year (or accounting period) can be found in the following documents:

- Your organization's by-laws
- The application, Form SS-4, your organization filed to get its employer identification number (EIN).
- A copy of a prior year return that you filed with the IRS.

9. Can I file the e-Postcard before the close of my tax year?

No, you cannot file the e-Postcard until after the end of your tax year.

10. What information do I need to provide on the e-Postcard?

The e-Postcard is easy to complete. All you need is the following information:

- Organization's legal name
- Any other names your organization uses- if the organization is known by or uses other names to refer to the organization as a whole (and not to its

programs and activities); commonly referred to as Doing-Business-As (DBA) names, they should be listed.

- Organization's mailing address- the mailing address is the current mailing address used by the organization.
- Organization's website address (if you have one).
- Organization's employer identification number (EIN)- every tax-exempt organization must have an EIN, sometimes referred to as a Taxpayer Identification Number (TIN), even if it does not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service. Your organization would have acquired an EIN by filing a Form SS-4. If you do not know your EIN, you may be able to find it on the organization's bank statement or prior year return. If you do not have an EIN, please call the Home Office for more information. DO NOT use the EIN of a parent or other organization.
- Name and address of a principal officer of your organization-usually president, vice president, secretary, or treasurer- often specified in the organization's by-laws.
- Organization's annual tax year- like any taxpayer, exempt organizations must keep books and reports and file returns based on an annual accounting period called a tax year. A tax year is usually 12 consecutive months that can be either calendar year or fiscal year and is often specified in the organization's by-laws.
- Confirmation that your organization's annual gross receipts are still less than \$50,000.
- If applicable, a statement that your organization has terminated or is terminating (going out of business).

11. Why do I need to provide this information?

The Pension Protection Act of 2006 added this filing requirement to ensure that the IRS and potential donors to your organization have current information about it.

12. Will I get a confirmation that I filed the e-Postcard?

Yes, you will receive an email from the filing system indicating whether your e-Postcard was accepted or rejected by the IRS. If rejected, the email will tell you who to contact to help resolve the problem. In addition, once you submit the e-Postcard to the IRS you can view the "Check Filing Status" page where you can view and print an image of the e-Postcard for your records.

13. If my information changes or I make a mistake, can I amend the e-Postcard after submitting it to the IRS?

No, you cannot file an amended e-Postcard. You can make corrections or update your information when you file your next e-Postcard in a subsequent year.

14. How will the public get access to the e-Postcards that have been filed?

The public can view an individual organization's e-Postcard or download the entire data base of electronically filed e-Postcards at a disclosure site on the Charities and Non-Profits page of the IRS Web site.

15. I received a letter from the IRS about the e-Postcard, but I am no longer with the organization and I am unable to forward the letter; what should I do?

Call Customer Account Services toll-free at 877-829-5500 and explain the situation.

16. Can I file Form 990 or Form 990-EZ instead of the e-Postcard?

Yes, but please note that if you choose to file an annual information return (Form 990 or Form 990-EZ) instead of the e-Postcard, you must file a complete return. An incomplete or partially completed Form 990 or Form 990-EZ will not satisfy the annual filing requirement. Also, you may be assessed a late filing penalty if you file Form 990 or Form 990-EZ late.

17. What happens if I file the e-Postcard late?

The IRS will send you a reminder notice if you do not file your e-Postcard on time, but you will not be assessed a penalty for late filing an e-Postcard. However, it is critical that you file within the 3-year period described in questions 18 and 19.

18. What happens if I fail to file the e-Postcard or Form 990 or Form 990-EZ?

An organization that fails to file the required e-Postcard (or information return) for three consecutive tax years will automatically lose its tax-exempt status. The revocation of an organization's tax-exempt status will not take place until the filing due date of the third year. For example, if your first e-Postcard was due on May 15, 2008 (for tax year 2007) and you did not file in 2008, 2009, or by May 15, 2010, you may have lost your tax-exempt status on May 15, 2010. The IRS will not send additional notices once your tax-exempt status is automatically revoked.

Note: Small organizations at risk of losing their tax-exempt status because they failed to file for three consecutive years should review IRS guidance to help them come back into compliance.

19. Can an organization have its tax-exempt status reinstated if it was revoked for failing to file after three consecutive years?

Yes, but you must apply and pay the appropriate user fee to have your tax-exempt status reinstated if it was revoked because you failed to file for three consecutive years. An exemption application is required even if your organization was not originally required to file an application. Reinstatement of tax-exempt status may be retroactive if you can show that you had reasonable cause for not filing.

20. Can an organization file an e-Postcard for a prior year?

No, you cannot file an e-Postcard for a prior year. For example, if the organization's tax year ended on December 31, 2009 and you attempt to file your 2009 e-Postcard after the close of your 2010 tax year (December 31, 2010), the filing system only will allow you to file for 2010.

21. How can I get the latest information about filing the e-Postcard (Form 990-N)?

For the latest information about electronically filing the e-Postcard, you can:

- Sign up for Exempt Organization's EO Update, a regular email newsletter that highlights new information posted on the charities pages of irs.gov. To subscribe go to www.irs.gov/eo and click on EO Newsletter
- Check our website at www.irs.gov/eo
- Call our customer service function toll-free at 1-877-829-5500

22. Who should I contact if I'm having trouble with the e-Postcard website?

If you experience a problem with the e-Postcard filing system, such as a problem logging on to the system, send an email describing the problem to epostcard@urban.org.

23. What should I do if another organization filed an e-Postcard using my organization's employer identification number?

If you cannot file your e-Postcard because another organization used your employer identification number (EIN), you must contact IRS Customer Account Services at 877-829-5500 and explain the situation. In most instances, you will be able to file your e-Postcard using your EIN, and IRS will notify the other organization of its error. This situation sometimes occurs when a subordinate organization inadvertently uses the EIN of a related organization or the parent organization.