



CHAPTER BASICS FOR THE IRS

EMPLOYER IDENTIFICATION NUMBER

Every chapter should have their own Employer Identification number. If needed, contact Senior Director of Finance & Chapter Services Blake Rasnake at brasnake@pikapp.org or (980) 318-5310 to obtain your chapter's federal tax ID number - a.k.a. EIN. It will be a nine-digit number that is formatted as follows: 12-3456789.

The treasurer needs to share your chapter's EIN with the National Headquarters. This allows the National Headquarters to reference your chapter EIN later should it be lost or misplaced. If your chapter has lost your EIN, contact the National Headquarters to receive instructions on how to recover your number.

THE IRS FORM 990

After your chapter has an EIN, the treasurer should file the Form 990 each year. The National Headquarters recommends that chapters utilize File990.org in order to do this. A resource for utilizing File990.org is available in the Resource Library. Preparation fees typically range from \$54.99-\$84.99 if File990.org is used.

In order to complete the Form 990, you will need the chapter's fiscal year end date. Most chapters have either a December 31st or June 30th year end date. To find out your chapter's fiscal year end date, have a chapter officer call the IRS at 1-877-829-5500. The officer should provide the IRS agent with the name of the organization (ex. Pi Kappa Phi Fraternity - Alpha Chapter), current mailing address, and their name. Then, ask for the fiscal year end date.

When completing the Form 990, pay special attention to Line 9a. It gives each individual chapter an association to the national organization to prove non-profit status. Pi Kappa Phi chapters should enter: Unincorporated Association under "other non-profit organization" and 0424 under "Group Exemption Number".

In order to remain in compliance with Chapter Operating Expectations (Supreme Law VIII, Section 12 c.), "Each chapter shall submit to the National Headquarters...a copy of the Internal Revenue Service Form 990 upon filing on or before October 31st of each year;" To do this, you must complete one of the following options:

- Send an electronic or paper copy to Senior Director of Finance & Chapter Services Blake Rasnake (brasnake@pikapp.org) or to 3701 Arco Corporate Drive, Suite 500, Charlotte, NC 28273.
- For chapters filing Form 990 and Form 990EZ, submit an actual copy of the filed form.
- For chapters filing Form 990N, submit a copy of the confirmation received once the e-postcard is filed.

Any version of the Form 990 is due each year by the 15th day of the 5th month after the close of your chapter's tax year. For example, if your chapter's tax year ended on December 31st, the filing is due May 15th. Take note that the IRS can and does impose penalties for non-compliance and late returns. Additionally, some states require a state form in addition to the federal form. You can find these forms by visiting your state's Department of Revenue website.

WHICH FORM 990 DOES MY CHAPTER COMPLETE?

Each chapter must complete one of the three versions of the Form 990. The form that your chapter must complete is dependent on the amount of revenue earned. Remember that revenue means any and all money collected by the chapter treasurer including dues, fees, or fines. Your banking institution, upon request, will supply you with a record of all transactions on all accounts for your fiscal year. The categories for the 2020 fiscal year (filed in 2021) are:

- 990N (e-postcard): gross receipts are less than \$50,000 for the fiscal year.
- 990EZ: gross receipts are less than \$200,000 and total assets are less than \$500,000 for the fiscal year.
- Full 990: gross receipts are more than \$200,000 and/or total assets are more than \$500,000 for the fiscal year.

FEDERAL INCOME TAX EXEMPTION

Chapters **are not** tax exempt. If chapters were tax exempt, it would imply that they would not pay any sales tax on purchases of goods for the chapter (ex. Buying supplies for an empathy dinner at Wal-Mart). There may be specific sales tax exemptions in certain states - chapters should consult with local authorities for more information.

Chapters **are** Federal Income Tax exempt. This means that if the chapter files the proper 990 form each year, it will not pay tax on its annual revenues or assets (ex. Chapter dues). Income tax may be due, however, if there is unrelated business income. Chapters should consult with a tax professional if necessary.

Chapters must file their IRS 990 each year to maintain their federal income tax exemption status. If a chapter does not file for three years, the chapter's nonprofit status will be revoked. Reinstatement is a lengthy, complicated process that can cost chapters thousands of dollars to complete.