

# 501c3 STATUS by Joan S. Corbisiero October 2019

## UNDER FGCNYS

### UMBRELLA ADVANTAGES:

- Do not have to pay taxes on club's income and file returns annually.
- Can accept donations which are tax deductible to donor.

## FILING REQUIREMENTS:

### GROSS RECEIPTS PER TAX YEAR

- Less than \$50,000 –990N (e-postcard)
- Between \$50,000 and \$200,000 –990EZ
- Between \$200,000 or assets over \$500,000

### HOW DOES CLUB BECOME 501c3 UNDER FEDERATION UMBRELLA?

- Must be member of Federated Garden Clubs of New York State, Inc.
- Have its own EIN (Employers Identification Number) number which can be obtained online from IRS.gov. (Issued immediately).
- Principal officer must have valid Taxpayer ID #, (SS #, EIN # or Taxpayer ID #). If unsure, check with IRS before proceeding.
- Club may or may not be incorporated
- Club's fiscal year must be same as FGCNYS (March 1– end of February)
- Must submit letter requesting inclusion in 501c3 umbrella with FGCNYS

#### LETTER MUST INCLUDE:

- Name and contact information of someone to answer questions about club's finances
- Mailing address for club (PO Box?)
- One time filing fee of \$25 made out to FGCNYS
- Copy of club's bylaws with following statement included:  
"Dissolution Clause: In the event of dissolution of the ABC Garden Club, the assets of said Garden Club shall be distributed for one or more exempt purposes within the meaning of Section 501c3 of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government for a public purpose."

### AFTER APPLYING...HOW WILL YOU KNOW YOU ARE UNDER FGCNYS UMBRELLA?

FGCNYS will acknowledge your acceptance by letter.

#### DUE DATE OF FILING AND PROCEDURE

- 15th day of 5th month after the close of your tax year, e.g. If close of tax year is February 28, filing is due July 15th
- Tax year is determined by beginning date of fiscal year
- Form 990N (postcard) must be filed electronically (there is no paper form)
- All filers must register at IRS.gov prior to filing their 990N
- You will be asked to choose a User ID, a Site Phrase, a Site Image, and Challenge Questions. Be sure to record these for future reference! Consider having one person always do filing!
- Organizations should continue efforts to file, even if late

### LOSS OF TAX-EXEMPT STATUS

- Organizations that fail to file required forms 990, 990EZ or 990N for three consecutive years will automatically lose their tax-exempt status.
- Revocation will happen on the filing due date of the third consecutively-missed year.

#### REINSTATEMENT AFTER AUTOMATIC REVOCATION:

- File an application for exemption and pay user fee
- Complete 1023 form and pay user fee
- Most garden clubs should be able to use 1023-ez (instructions on IRS site)
- If you answer "NO" to all questions, you are eligible to file 1023-ez
- File three years of delinquent forms, submit 1023-ez and pay user fee to have exemption reinstated retroactively OR effective as of postmark date

#### SALES TAX EXEMPTION

##### DO NOT CONFUSE THIS WITH BECOMING A TAX-EXEMPT ORGANIZATION!

Having sales tax exemption from New York State means you can purchase items without paying sales tax.

Go to: [www.tax.ny.gov/forms/sales\\_tax\\_exemption\\_documents.htm](http://www.tax.ny.gov/forms/sales_tax_exemption_documents.htm) and download form ST-119.2.1 to apply for sales tax exemption certificate. Number to reach NYS Department of Taxation and Finance for help is: 518-485-2889.