



## Tax Exempt Status for Units

by Carol Habgood, PRP

Imagine my surprise when I filed the 990-N electronic postcards for several units in San Antonio and they were rejected! Well, I immediately knew what the problem was. And it is the same problem for all parliamentary units. The NAP group exemption no longer exists. This article will help you reestablish the tax-exempt status for your unit.

Here's what you need to do. One warning: it will be lengthy, so plan on about two hours. You may get through sooner, but plan on a two-hour block of time to devote to this. The IRS is understaffed, so the hold time can run up to an hour. And if you file for more than one unit, you will have to make separate calls as the IRS agents are only permitted to handle one request per telephone call.

1. Call the IRS Customer Account Services at 1-877-829-5500. Information you will need before you make the call: your unit's EIN, and copy of your previous 990N that shows the name and address of the principal officer.

2. When you call the IRS number above, you will get a menu offering you to select the language. Option 1 is for English.

3. The next menu will offer you several options. You want Option 2, Exempt Organizations. There will be a detailed explanation that you will have to get through to get to the next menu.

4. The next menu offers several more options. You want Option 4, All other questions. Again, there is a detailed explanation you must wait through until you get to *Please hold while your call is transferred.* This is when you will finally get an IRS agent on the line. You will be advised how long the hold time is. Be patient, you have no other option but to wait on hold.

5. When you finally get an IRS agent on line, he/she will give you his/her name and ID number. You need to explain that your organization should automatically be a 501(c)(3) organization as gross receipts are less than \$5,000, and you need to update the IRS record so you can file the 990N. This is an important statement as this will start the process with the IRS. You may be put on hold while the agent researches the issue.

6. Then you will be asked:

*Organization's EIN?*

*Organization's Name?* It is best to say **The \_\_\_\_ Unit of the National Association of Parliamentarians.** The reason is because when the NAP group exemption was in effect, the National Association of Parliamentarians came up as the main name when filing the 990N.

*Are you a current officer authorized to take this action?*

**Yes.** If you are not an officer, state that you have been authorized to file the IRS reports.

*Are you under a group exemption?* **No** (it no longer exists).

*Name of principal officer?* Use the information from the previous 990N. Even if there is a new president, you need to go with the information in the IRS files.

*Do you have an organizing document?* **Yes**, your bylaws, which may be considered an organizing document if they are properly structured with the name, the purpose, and the information required of a 501(c)(3), which is listed at the end of this article.\*

*Are you a foundation or a public charity?* **Public charity.** You may be asked these questions separately: are you a foundation? Are you a public charity?

*What is the purpose of your organization?* **Educational.**

*Is the purpose stated in your organizing document?* **Yes.** If not, you need to amend your bylaws.

*Does your organizing document contain the required language for a 501(c)(3) organization?* **Yes.** If it doesn't, amend your bylaws.

*What is your fiscal year?* The information is in the IRS data base, but sometimes an agent will ask you for it.

7. You will be put on hold. That is when the IRS agent is entering your information into the system. Once that is done, you will be advised that the data base will be updated in six weeks, at which time you can file your 990N. Do not try to file before six weeks. When you log in after six weeks, you will probably be asked to change your password.

It is important to remember that you must file the 990N in order to maintain your tax exempt status.

\*IRS Language required in an organization's governing document for tax exempt status:

1. Dissolution language: "Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes with the meaning of section 501(c)(3) 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."
2. Statement that the purpose of the organization is educational.
3. Statement that no part of the net earnings shall inure to the benefit of members or officers.



## Endowment Fund Seeks Items for Auction

The TSAP Education Endowment Fund will be holding its annual silent and live auctions at the TSAP convention in Houston, May 1-3. Units and members are asked to donate items for the auctions. Units could have baskets with items donated by the members; for example: gift cards, bath items, candy, etc. Members that are crafters might want to show off their handiwork by donating an item to help the fund. We hope to get repeat items from last year's auction, enabling people another chance to bid on them.

Call, text, or email Beverly Glynn-Steffenauer, auction chairman, to let her know what you or your unit will donate ([baglynn@myweb.net](mailto:baglynn@myweb.net), 713-542-0171). All donations will be greatly appreciated. Thanks to all!