



Federated Garden Clubs of New York State, Inc.

Tax filing requirements for those with 501c3 status and Information on how to be under FGCNYS's 501c3 umbrella

One of the benefits of being a member of the Federated Garden Clubs of New York State is the opportunity to be under our 501c3 umbrella.

Why is this important? If the IRS does not acknowledge you as a not-for-profit organization, you must pay taxes on your club's income and file state and federal tax returns each year. By being under FGCNYS's tax exempt umbrella, the IRS recognizes your club or District as not-for-profit organization. As a 501c3 organization you can accept donations from corporations and individuals. They in turn can deduct these gifts from their income tax. In order to be under the umbrella your organization must apply. Those of you who have applied and are included should have a letter from the FGCNYS, Inc. President acknowledging this status with a group number in your files. This letter should be in your permanent files and a copy of it should be given to the person in charge of filing, usually the treasurer.

A requirement of this status is that you must file a 990-N (*e-postcard*) by July 15. If your gross receipts are less than \$50,000 for the tax year, you may file the *e-postcard*. This is easy to do on line. If your gross receipts are between \$50,000 and \$200,000 for the tax year, you will need to file a 990-EZ. And Form 990 is required if gross receipts are over \$200,000 or assets over \$500,000.

How does a club become a 501c3 under the Federation umbrella?

If you wish to apply to be under the umbrella, please call the FGCNYS office at (518) 869-6311 to begin the process. Before you make that call you need the following:

- Your club must have its own EIN (Employer Identification Number), even though you have no employees. This number is required to obtain a club checking or a savings account. The preferred method for customers to apply for and obtain an EIN is to go to irs.gov. Once the application is completed, the information is validated during the online session, and an EIN is issued immediately. The online application process is available for all entities whose principal business, office or agency, or legal residence (in the case of an individual), is located in the United States or U.S. Territories. The principal officer, general partner, grantor, owner, trustor etc. must have a valid Taxpayer Identification Number (Social Security Number, Employer Identification Number, or Individual Taxpayer Identification Number) in order to use the online application.

If you are not sure if your club has an EIN number, please check with the IRS before you proceed. You can ask the IRS to search for your EIN by calling the Business & Specialty Tax Line at (800) 829-4933. The hours of operation are 7:00 a.m. - 7:00 p.m. local time, Monday through Friday. An assistor will ask you for identifying information and provide the number to you over the telephone, as long as you are a person who is authorized to receive it. Examples of an authorized person include, but are not limited to, a sole proprietor, a partner in a partnership, a corporate officer, a trustee of a trust, or an executor of an estate. EIN numbers never expire and it will become a disaster if your club is issued multiple EIN numbers.

- Your club may or may not be incorporated but cannot be a private foundation.
- Your club must be a member of the Federated Garden Clubs of New York State, Inc.
- Your club's fiscal year must be the same as the Federation's: March 1 through the end of February.
- A letter requesting to be included in the 501c3 umbrella with the Federation, signed by a club officer. The name and contact information, including phone number and email address, of someone who can answer questions about the club's finances. A mailing address for the club. Although it is not mandatory, we suggest a post office box so the address will remain the same each year. And last but not least, a one-page description/list of club activities.
- A one-time filing fee of \$25 to cover expenses made out to "FGCNYS". This is not an annual fee; you pay it only when you first apply.
- A copy of your club's bylaws with the following IRS clause included. These *must* already appear in the bylaws when applying.

Dissolution Clause In the event of dissolution of the XYZ 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.

Once you apply, how will you know you are under the FGCNYS umbrella?

When your paperwork has been successfully processed by the IRS your Club will receive a letter from FGCNYS that will acknowledge your acceptance under our umbrella. This letter will have Federated Garden Clubs of New York State on it - not your District or club's name. This is because you are under the FGCNYS umbrella. Your District or club's EIN number will be there.

For those not under the FGCNYS umbrella due date of filing is by the 15th day of the 5th month after the close of your tax year.

You cannot file the *e-Postcard* until after your tax year ends. Example: If your tax year ended on December 31, the *e-Postcard* is due May 15 of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

Information from the IRS.gov website about filing: Form 990-N, *Electronic Notice (e-Postcard)* for Tax-Exempt Organizations Not Required to File Form 990 or Form 990EZ, must be submitted electronically.

- **All filers** must register at IRS.gov prior to filing their next Form 990-N. This is a one-time registration; you won't be asked to register again when filing next year.
- Form 990-N must be completed and filed electronically. **There is no paper form.**
- Form 990-N filers may choose to file a complete Form 990 or Form 990-EZ instead.
- Use the Form 990-N Electronic Filing System (*e-Postcard*) User Guide while registering and filing. Organizations should continue efforts to file, even if late.
- While there is no penalty assessment for filing Form 990-N late, **organizations that fail to file required Forms 990, 990-EZ or 990-N for three consecutive years will automatically lose their tax-exempt status**. Revocation of the organization's tax-exempt status will happen on the filing due date of the third consecutively-missed year.

Reinstatement of Tax-Exempt Status after Automatic Revocation: If an organization has had its tax-exempt status automatically revoked and wishes to have that status reinstated, it must file an application for exemption and pay the appropriate user fee even if it was not required to apply for exempt status initially. There are four different options for reinstatement. Details can be found on the IRS site. In order to get exemption status reinstated a garden club needs to complete a 1023 form and pay a user fee. Most garden clubs should be able to use the 1023-ez form. If that is the case, the 1023-ez instructions can be found on the IRS site. Review the worksheet found in the instructions. If you answer "No" to all the questions you are eligible to file, the 1023-ez form.

If you are eligible to complete the 1023-ez form you will be given two options:

- File the three years of forms that are delinquent, submit 1023-ez and pay user fee to have exemption reinstated retroactive
- Submit 1023-ez and pay user fee to have exemption status effective as of the postmark date.

If you are not eligible to file Form 1023-EZ, you can still file Form 1023.

For further information on these tax related issues, please refer to the IRS website at www.irs.gov. The number to reach the IRS for help with filing a tax exempt 990 form is: 877-829-5500.

Sales Tax Exemption: Becoming a tax-exempt organization is not the same as having a sales tax exemption from New York State that allows you to purchase items without paying sales tax. You need to register with the State of New York Department of Taxation and Finance (DTF) for sale tax exempt status. Please go to www.tax.ny.gov/forms/sales_tax_exemption_documents.htm and download form ST-119.2-1 for the application to apply for a sales tax exemption certificate. The number to reach DTF for help is 518-485-2889.

Please ask your District Treasurer or our State Office if you have any further questions.
State Office (518) 869-6311; 292 Washington Avenue Ext., Suite 104, Albany, NY 12203-6385.

Monica C. Hansen
2017 - 2019 President
FGCNYS, Inc.