

AMERICAN LEGION AUXILIARY FEDERAL AND STATE REQUIREMENTS

Federal and State Requirements — Exemption from Federal income taxes is granted to the American Legion Auxiliary under Section 501 © (19) of the Internal Revenue Code. This was confirmed by a letter from the Internal Revenue Service dated March 26, 1973. All Units and Districts have been provided copies of this letter numerous times and are asked to keep it on file. The Group Exemption Number (GEN) is 0964. This is the GEN for National Headquarters, all Departments, and Units. Often when Units are applying for special permits that require proof of tax exempt status a copy of this ruling is needed. A photocopy of the March 1973 letter is sufficient. Although the American Legion Auxiliary is exempt from Federal income tax, it is subject to other Federal taxes such as payroll taxes and tax on unrelated business income, for example. All Units are requested to file Federal Income Tax Form 990 if the annual gross receipts are more than the current allowable amount or if the value of holdings is in excess of the current allowable amount. Federal tax exemption does not guarantee state tax exemptions. Each state has its own tax rulings. State tax exemptions (including sales tax) must be secured through the State of California

Annually, the California Secretary of State Office will send a form requiring current officer information and a filing fee, if the Unit is a corporation.

Not-For-Profit Corporation — Incorporation provides legal protection by limiting the liability of the individual members but the act of incorporating does not automatically confer tax exempt status.

Employer Identification Number — An employer identification number (EIN) is a unique 9-digit number assigned to each incorporated Unit. The EIN is especially important for filing tax returns, and opening bank accounts, and other banking purposes. This can be done by obtaining and completing the IRS Form SS-4 - Application for Employee Identification Number. This form may be obtained by the Unit, and completed and mailed to one of the IRS Center's locations, as indicated, in the IRS instructions. Incorporation has advantages and disadvantages. Check with a Certified Public Account before making a decision to incorporate the Unit.

Form 990 — Units must file Form 990 (or 990EZ) if their annual gross receipts are greater than \$25,000. If the Unit's gross receipts are less than \$25,000 and it receives a Form 990 package with a pre-addressed mailing label, complete Section 1 stating that the receipts are less than \$25,000. Return the form to the correct filing center. It is not necessary to complete the remainder of the form. All organizations who file Form 990 are required by law to make the form available for public inspection upon request during regular business hours and at the organization's principal office or at a reasonable location if there is no office.

Form 990T — Not all receipts are exempt from Federal income tax. Gross income in excess of \$1,000 from business unrelated to the organization's exempt purpose must be reported on Form 990T. Form 990T must be filed in addition to Form 990.

FEDERAL COMPLIANCE AND TAX LAWS

Even non-profits without employees are required to obtain a Federal Employee Identification Number (EIN), also referred to as a Federal ID number. Available from the IRS, the number is used to identify the organization when tax documents are filed. Form SS-4, Application for Employer Identification Number, is provided to each newly chartered Unit, with the request that the number be furnished to National Headquarters as soon as it is issued by the IRS. National Headquarters is required to supply to the IRS the complete mailing address and employer identification number (EIN) of each newly chartered Unit. The IRS further requires that the list of Unit EIN's be updated annually. National fulfills this requirement based upon the EIN's provided by Units to their Department Headquarters. If a Unit files a tax return annually, their EIN should not change. However, Units that fail to meet the annual filing requirement may lose their originally assigned EIN and will be required to apply to the IRS for a new number. Units must file Form 990 or 990EZ if their annual gross receipts are greater than \$25,000.

Beginning in 2008, the IRS requires small tax-exempt organizations to file an annual electronic notice. The form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations not required to file Form 990 or 990-EZ, is required of tax-exempt organizations whose annual gross receipts are \$25,000 or less. The Pension Protection Act requires the IRS to revoke the tax-exempt status of any organization that fails to meet its annual filing requirement for three consecutive years. Organizations that do not file the notice will lose their tax-exempt status as of the filing due date of the third year. All organizations that file Form 990 (including 990EZ, 990-N, 990T) are required by law to make the form available for public inspection upon request during regular business hours and at the organization's principal office or at a reasonable location if there is no office.

INTERNAL REVENUE SERVICE FILING MANDATES

- **Internal Revenue Service Filing Mandate.** In 2008 fiscal year the Internal Revenue Service (IRS) began requiring small charities, many of which previously were not required to file tax returns, to submit an annual electronic notice. **This is a mandate for every Unit.**
 - The Form 990-N, entitled the *Electronic Notice for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ (and also known as the e-Postcard)* is required of charities whose annual gross receipts are \$25,000 or less.
 - The first e-postcard were due in 2008 for tax year ending on or after December 31, 2007.

- The e-Postcard is due every year by the 15th day of the fifth month after the close of your tax year. Our tax year is from July to June so e-postcard should be filed no later than November 15 of each year. Information you need to file
 - Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN)
 - Tax year
 - Legal name and mailing address
 - Any other names the organization uses
 - Name and address of a principal officer
 - Web site address if the organization has one
 - Confirmation that the organization's annual gross receipts are normally \$25,000 or less
 - If applicable, a statement that the organization has terminated or is terminating (going out of business).

HOW TO FILE

- Hold your Ctrl button down and click on <http://epostcard.form990.org> and it will take you directly to the IRS Website to file or you can “control click” on links on the following page. When you access the system, you will leave the IRS site and file the e-Postcard with the IRS through their trusted partner, Urban Institute. **THE FORM MUST BE COMPLETED AND FILED ELECTRONICALLY. THERE IS NO PAPER FORM SO YOU CAN'T MAIL. FAILURE TO FILE THIS FORM FOR 3 STRAIGHT YEARS IN A ROW COULD PUT YOUR 501(C)3 STATUS IN JEOPARDY.**
- **STEP 1** Register as a New User. You must register and obtain a login ID. Your login ID will be emailed to you at the email address you provided.
- **STEP 2** Once you have a login ID, you can access the system and create your e-Postcard.
- **STEP 3** Submit your Form 990-N (e-Postcard)