

## EIN/TIN and 990-N Frequently Asked Questions

*PLEASE NOTE: The information below is not intended to serve as financial advice.*

*Chapters are encouraged to consult an experienced tax professional for guidance as needed.*

### **EIN/TIN**

What is an EIN/TIN?

Does our Chapter need to have an EIN/TIN?

We thought our Chapter already had an EIN/TIN, but it isn't coming up in the search. What should we do?

### **Form 990-N**

What is a Form 990-N?

Does our Chapter have to file a Form 990-N with the IRS?

What if our Chapter is not established as a tax exempt organization and can't file the 990-N when we login to our IRS account?

When do we have to file the Form 990-N?

So, we must file a Form 990-N every single year by November 15th, unless all the Chapter's finances run through the college/university and we've verified with them that they are reporting it as their own revenue?

We don't have any net revenue for the year. Do we still have to file a Form 990-N?

Our Chapter's previous Officers didn't do this. Do we still have to file a Form 990-N?

What happens if we don't file our Form 990-N?

How do we know if our tax-exempt status has been revoked?

What do we do if our Chapter has lost its tax-exempt status?

Is our Chapter able to be included as part of a group exemption with the National Fraternity?

Will our Chapter remain in good standing with the National Office if we don't file the Form 990-N?

Who in the Chapter is responsible for ensuring that the Form 990-N is filed?

What does the Treasurer need to know in order to be able to file the Form 990-N?

### **EIN/TIN and Form 990-N Resources**

Who at the National Office can answer questions regarding the EIN/TIN or the process form filing the Form 990-N?

Who else can assist our Chapter with this process?

What other resources are available to Chapters who need assistance with the process of securing an EIN/TIN and filing the Form 990-N?

### **Taxes and Donations**

What is our tax designation?

Aren't Chapters exempt from all taxes?

Are there any other requirements or taxes?

Are donations to our Chapter tax deductible for a donor?

Can Chapters receive donations through the Foundation?

## EIN/TIN

### **What is an EIN/TIN?**

An EIN (Employer Identification Number), which is sometimes called a TIN (Taxpayer Identification Number), is used by the IRS to track organizations and businesses just as it uses social security numbers to track individuals. The IRS requires all banks to relate either a personal social security number or EIN to any account opened, and a Chapter bank account should never be opened using an individual's social security number. If your Chapter has a valid EIN/TIN, the IRS knows the Chapter exists. By default, the IRS recognizes the Chapter as an organization operating a for-profit business unless forms have been filed to request exemption from federal taxes.

### **Does our Chapter need to have an EIN/TIN?**

Yes. Your Chapter needs to have an EIN/TIN in order to file the Form 990-N. You can apply for an EIN/TIN on the [IRS website](#). If you want to find out if your Chapter already has an EIN/TIN, you can use the [Tax Exempt Organization Search](#) on the IRS website.

### **We thought our Chapter already had an EIN/TIN, but it isn't coming up in the search. What should we do?**

If you believe your Chapter has an EIN/TIN but it is not coming up in the search, you may consider contacting an IRS representative (877-829-5500) to determine if there is a reason. There are a number of factors that can impact the outcome of the search, and it is important to confirm that the Chapter doesn't already have an EIN/TIN before applying for one.

## **Form 990-N**

### **What is a Form 990-N?**

The Form 990, which is officially called the Return of Organization Exempt From Income Tax, is a United States Internal Revenue Service form that provides the public with financial information about a nonprofit organization. It is used to ensure that organizations aren't abusing their tax-exempt status. There are multiple versions of the Form 990, and the Form 990-N E-Postcard is one of the most commonly used. The Form 990-N E-Postcard applies to Chapters with \$50,000 or less in total income during the fiscal year and can be submitted online.

### **Does our Chapter have to file a Form 990-N with the IRS?**

Most likely, yes. Unless your Chapter runs all finances through the sheltering institution (college/university), you are required to file the Form 990-N. If you run your money through your college/university and have no separate/independent bank account, you will need to confirm with the sheltering institution that they are reporting Chapter finances as their own revenue (available for your use), which would mean that your Chapter does not need to file your own Form 990-N. Every other chapter does need to file the Form 990-N.

### **What if our Chapter is not established as a tax exempt organization and can't file the 990-N when we login to our IRS account?**

Certain organizations do not have to apply for tax exemption but still have a Form 990-N filing requirement. If your organization did not file an application for tax exemption because it is a section 501(c)(3) organization

whose gross receipts in each taxable year are normally not more than \$5,000 or because it is exempt under another Code section, such as section 501(c)(7), you should call IRS Customer Account Services at 1-877-829-5500 and ask that the organization be set up to allow filing of Form 990-N.

**When do we have to file the Form 990-N?**

November 15th is the filing deadline since it is the 15th of the 5th month following the end of the Chapter's fiscal year, which must coincide with the National Fraternity's fiscal year (July 1st to June 30th).

**So, we must file a Form 990-N every single year by November 15th, unless all the Chapter's finances run through the college/university and we've verified with them that they are reporting it as their own revenue?**

Yes.

**We don't have any net revenue for the year. Do we still have to file a Form 990-N?**

Yes.

**Our Chapter's previous Officers didn't do this. Do we still have to file a Form 990-N?**

Yes.

**What happens if we don't file our Form 990-N?**

Failing to file a proper Form 990-N could result in the Chapter being fined by the IRS. If the Chapter fails to file a Form 990-N for three consecutive years, tax-exempt status will be revoked, which may result in the Chapter being required to pay federal income taxes and possibly even state taxes. This has the potential to have a significant impact on the operations and financial standing of the Chapter. Additionally, a Chapter that has lost their tax-exempt status and fails to attempt reinstatement, runs the risk of being audited by the IRS.

**How do we know if our tax-exempt status has been revoked?**

You can use the [Tax Exempt Organization Search](#) to see if your Chapter's status was automatically revoked. You will be able to see your Chapter's past filings to confirm whether or not the Form 990-N has been filed consistently during the past three years.

**What do we do if our Chapter has lost its tax-exempt status?**

You can apply to have the Chapter's tax exemption reinstated by filing IRS Form 1024 (Application for Recognition of Exemption) and IRS Form 8718 (User Fee Form). It is likely that the Chapter will be subject to paying federal income tax for the time between the revocation of its exemption and the reinstatement of its exempt status. Therefore, the Chapter may choose to request its reinstatement be retroactive to the date of revocation. Such a request can be made as a part of its reinstatement application and is described on the [IRS website](#). The chapter must have an EIN/TIN in order to file Form 1024. It is highly recommended that the Chapter consult with a tax professional to assist with reestablishing tax-exempt status since the process is expensive. The expertise of a tax professional can ensure the reinstatement application and supporting documentation is completed and filed properly.

**Is our Chapter able to be included as part of a group exemption with the National Fraternity?**

No. Chapters are not eligible to be included as a subordinate organization of the Fraternity, which is why each Chapter needs to file a separate application for tax-exempt status with the IRS.

**Will our Chapter remain in good standing with the National Office if we don't file the Form 990-N?**

Filing the Form 990-N is a requirement of the Chapter Standards of Excellence, which every Chapter is required to complete each academic year. A Chapter that fails to complete the process of filing the Form 990-N, or provide documentation from the sheltering institution to demonstrate that they don't need to, will be out of compliance with the National Fraternity and risk disciplinary action.

**Who in the Chapter is responsible for ensuring that the Form 990-N is filed?**

The primary responsibility for completing the process to file the Form 990-N will fall to the Chapter's Treasurer, which should be communicated with them during the Officer Transition after they've been elected. The Chapter President and Corresponding Secretary should also be well-informed about the process so that they can assist with reporting about the Form 990-N via the Chapter Standards of Excellence at the end of the academic year.

**What does the Treasurer need to know in order to be able to file the Form 990-N?**

It is imperative your Chapter has a thorough Officer transition process in which the newly elected Treasurer will receive all documentation related to the Chapter's EIN/TIN and Form 990-N from the previous Treasurer. Knowing how to access the Chapter's account on the IRS website, including the login and password, will be necessary.

**EIN/TIN and Form 990-N Resources**

**Who at the National Office can answer questions regarding the EIN/TIN or the process form filing the Form 990-N?**

Meaghan Kauffman ([mkauffman@phisigmapi.org](mailto:mkauffman@phisigmapi.org)) is the Director of Standards and Practices at the National Office and the primary contact for all questions regarding financial compliance with the National Office and the IRS. She can also be reached by calling the National Office (717-299-4710).

**Who else can assist our Chapter with this process?**

The Chapter's Faculty Advisor can be helpful in providing continuity to ensure that the Chapter is able to maintain its tax-exempt status and remain in compliance with the National Office and the IRS despite frequent Officer transitions. Chapter Excellence Board Advisors, who are trained by the National Office and assigned to support Chapters, may also be helpful in pointing Officers toward available resources. It would also be a good idea to build a rapport with administrators in the office that oversees the Chapter (Student Activities, Fraternity & Sorority Life, etc.), as they likely have experience with guiding other organizations through this process.

**What other resources are available to Chapters who need assistance with the process of securing an EIN/TIN and filing the Form 990-N?**

The [Compliance with the National Office and the IRS](https://phisigmapi.org/resources) resource can be found in the Treasurer folder under Executive Board in the Resource Center ([phisigmapi.org/resources](https://phisigmapi.org/resources)). This resource includes links to the IRS

website ([irs.gov](https://www.irs.gov)) where additional information can be found. The toll-free number to reach an IRS representative who can answer questions about the process is 877-829-5500.

## **Taxes and Donations**

### **What is our tax designation?**

Chapters are considered 501(c)(7) organizations. This is an Internal Revenue Service (IRS) designation stating that the Chapter is “organized for pleasure, recreation and other non-profitable purposes.” Chapters are NOT 501(c)(3) organizations because a 501(c)(3) must spend its income on activities that further their exempt purpose, which is a charitable cause. A 501(c)(7)’s exempt purpose does not have to be charitable, but it must be social or recreational and non-profitable. Designation as a 501(c)(7) also allows the group to limit membership. Instead of operating like a business for the public, a 501(c)(7) organization only serves its members.

### **Aren’t Chapters exempt from all taxes?**

Most of a Chapter’s revenue is exempt from federal taxation. Federal income tax-exempt means that the Chapter is exempt under IRC 501(c)(7) and does not pay tax on their annual net income if the Form 990-N is filed properly each year. This does not mean that your Chapter is exempt from paying sales tax, however, as this is a requirement that varies from state to state. Chapters are encouraged to seek the advice of a tax professional for questions related to Unrelated Business Income (UBI), including interest or income from investments and revenue from advertising and other sources.

### **Are there any other requirements or taxes?**

Possibly. Be sure to check with your state government about filing requirements, too. The rules vary by state. Not all states have requirements, but most do. Just like many individuals must file both federal and state tax returns when they do their taxes, your chapter may as well.

### **Are donations to our Chapter tax deductible for a donor?**

No. “Tax deductible” refers to a donor being able to deduct the amount of the donation from their income when they file their taxes. Donations are only tax deductible when given to charitable or educational 501(c)(3) organizations, not 501(c)(7) organizations. The Chapter cannot provide a receipt of tax deductibility or promise tax deductibility when accepting funds from an individual or business. It is important to make sure that letters to organizations, individuals, or businesses use phrases like “support for the event” instead of “donation” or “gift.”

### **Can Chapters receive donations through the Foundation?**

Donations may be able to be made to the Foundation for use by Chapters for certain purposes. Contact the National Office for more information.