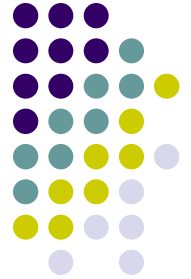


501 (c)(6) Organizations

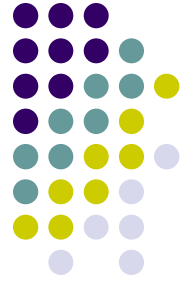


Presented by
Ann Tettlebaum, CPA
Williams-Keepers LLC

tettlebaum@williamskeepers.com

Please note that any U.S. federal tax advice contained in this presentation is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Recent Developments in the Tax Exempt Sector

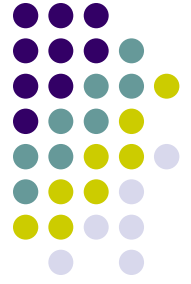


1. Increasing congressional and IRS concern regarding abuses in the tax exempt sector.
2. Congress and IRS establish e-postcard requirements for small tax exempt organizations beginning with the 2007 tax year.
3. IRS develops new Form 990 for 2008 tax year.
4. September 10, 2008 - IRS releases 2008 Form 990-EZ with minor changes and new instructions.

Ann Tettlebaum

Williams-Keepers LLC

Does your organization already exist?

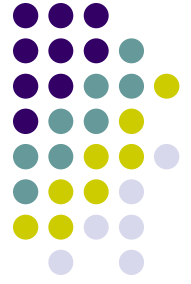


1. Are you already incorporated? Search the Missouri Secretary of State's website at <https://www.sos.mo.gov/BusinessEntity/soskb/csearch.asp>
2. Are you an unincorporated association? Do you have articles of association and bylaws?
3. Have you filed an IRS Form 990 or sought exemption in the past? Search for your organization at www.guidestar.com or look for your organization on the IRS Master List for Missouri at <http://www.irs.gov/taxstats/charitablestats/article/0,,id=97186,00.html>
4. Are you using an EIN and do you know whose it is?

Ann Tettlebaum

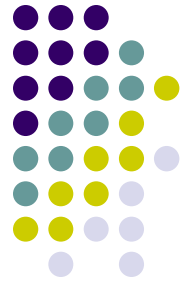
Williams-Keepers LLC

Forming a 501(c)(6)



1. Determine the purpose of the organization.
2. Form a board of directors.
3. File articles of incorporation or develop articles of association.
4. Draft and adopt bylaws.
5. Obtain an EIN and determine filing requirements.
6. Establish an accounting system.

Basic Characteristics of an IRC 501(c)(6) Organization

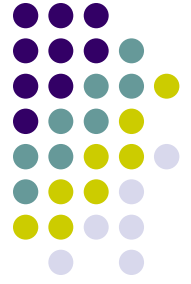


A 501(c)(6) organization is an association of persons with a common business interest which promotes the common interest and which does not conduct a regular trade or business for profit.

Ann Tettlebaum

Williams-Keepers LLC

Basic Characteristics of an IRC 501(c)(6) Organization



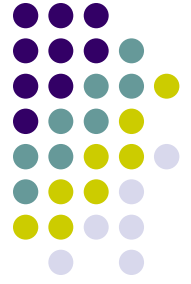
To meet the requirements for tax exemption under 501(c)(6), an organization must possess the following characteristics.

Characteristic #1 – It must be an association of persons having some common business interest and its purpose must be to promote this common business interest.

Ann Tettlebaum

Williams-Keepers LLC

Basic Characteristics of an IRC 501(c)(6) Organization



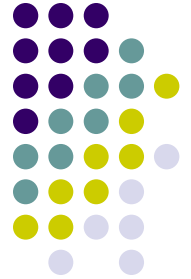
Characteristic #2 – It must be a membership organization and have a meaningful extent of membership support.

Basic Characteristics of an IRC 501(c)(6) Organization



Characteristic #3 – It must not be organized for profit.

Basic Characteristics of an IRC 501(c)(6) Organization



Characteristic #4 – No part of its net earnings may inure to the benefit of any private shareholder or individual.

Basic Characteristics of an IRC 501(c)(6) Organization

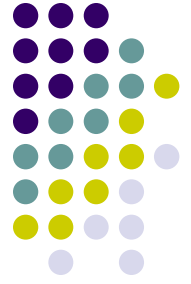


Characteristic #5 – Its activities must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

Ann Tettlebaum

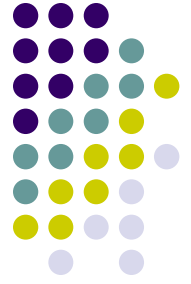
Williams-Keepers LLC

Basic Characteristics of an IRC 501(c)(6) Organization



Characteristic #6 – Its primary activity does not consist of performing particular services for individual persons; and

Basic Characteristics of an IRC 501(c)(6) Organization

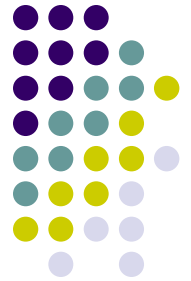


Characteristic #7 – Its purpose must not be to engage in a regular business of a kind ordinarily carried on for profit, even if the business is operated on a cooperative basis or produces only sufficient income to be self-sustaining.

Ann Tettlebaum

Williams-Keepers LLC

Basic Characteristics of an IRC 501(c)(6) Organization

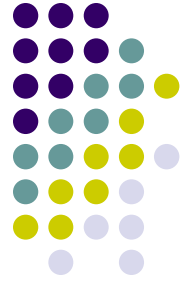


The organization may conduct political campaign and lobbying activities furthering its exempt purpose but it may have to pay a ***proxy tax*** if it uses member dues for this purpose.

Ann Tettlebaum

Williams-Keepers LLC

Basic Characteristics of an IRC 501(c)(6) Organization

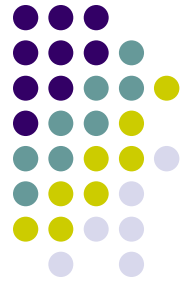


POLITICAL CAMPAIGN ACTIVITY – Permitted so long as it does not constitute the organization's primary activity

LOBBYING – Unlimited amount of lobbying in furtherance of its exempt purpose permitted

GENERAL ADVOCACY – Unlimited amount in furtherance of exempt purpose.

Creating a 501(c)(6) Exempt Organization



State law determines whether an organization is properly created. To qualify for exemption, the organization must have an organizing document.

Corporation – Articles of Incorporation

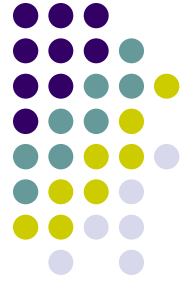
See the Missouri Secretary of State's Website at <http://www.sos.mo.gov/forms/corp/corp52.pdf>

Unincorporated Association – Articles of Association.

Ann Tettlebaum

Williams-Keepers LLC

Creating a 501(c)(6) Exempt Organization



Every organization must have an employer identification number even it does not have employees.

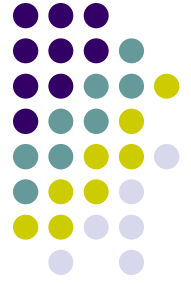
You may apply for a EIN using Form SS-4 or online at:

<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

Or over the phone at 800-829-4933

Ann Tettlebaum
Williams-Keepers LLC

Creating a 501(c)(6) Exempt Organization



If your organization chooses, it may seek a determination of federal tax exempt status by filing Form 1024 (Application for Recognition of Exemption under Section 501(a)) with the Internal Revenue Service.

User Fees for Exemption Applications:

If gross receipts = \$10,000 or less: \$300

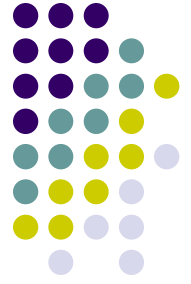
If gross receipts > \$10,000: \$750

Fees increase to \$400 and \$850 after 01/03/2010.

Ann Tettlebaum

Williams-Keepers LLC

Filing Requirements



Every organization exempt from federal income tax under 501(c)(6) must file one of the following annual information returns depending on receipts and/or assets:

Form 990-N

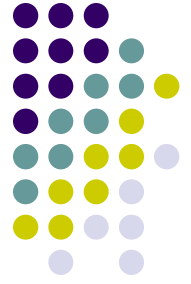
Form 990-EZ

Form 990

Ann Tettlebaum

Williams-Keepers LLC

Filing Requirements



2007 Filing Thresholds – For tax years beginning in 2007

(Filed in 2008 or 2009)

Form to File

Gross receipts normally \leq \$25,000

990-N

**Gross receipts $>$ \$25,000 and $<$ \$100,000,
and total assets $<$ \$250,000**

990-EZ or 990

**Gross receipts \geq \$100,000,
and/or total assets \geq \$250,000**

990

Sponsoring organizations of donor advised funds and 512(B)(13)
Controlling organizations must file Form 990.

Ann Tettlebaum

Williams-Keepers LLC



Filing Requirements

2008 Filing Thresholds- For tax years beginning in 2008

(Filed in 2009 or 2010)

Form to File

Gross receipts normally \leq \$25,000

990-N

***Gross receipts $>$ \$25,000 and $<$ \$1,000,000
and total assets $<$ \$2,500,000***

990-EZ or 990

***Gross receipts \geq \$1,000,000
and/or total assets \geq \$2,500,000***

990

Sponsoring organizations of donor advised funds and 512(B)(13)
Controlling organizations must file Form 990.

Ann Tettlebaum

Williams-Keepers LLC



Filing Requirements

2009 Filing Thresholds – For tax years beginning in 2009

(Filed in 2010 or 2011)

Form to File

Gross receipts normally \leq \$25,000

990-N

***Gross receipts $>$ \$25,000 and $<$ \$500,000
and total assets $<$ \$1,250,000***

990-EZ or 990

***Gross receipts \geq \$500,000
and/or total assets \geq \$1,250,000***

990

Sponsoring organizations of donor advised funds and 512(B)(13) controlling organizations must file Form 990.

Ann Tettlebaum

Williams-Keepers LLC



Filing Requirements

2010 Filing Thresholds- For tax years beginning in 2010

(Filed in 2011 or later)

Form to File

Gross receipts normally \leq \$50,000

990-N

***Gross receipts $>$ \$50,000 and $<$ \$200,000
and total assets $<$ \$500,000***

990-EZ or 990

***Gross receipts \geq \$200,000
and/or total assets \geq \$500,000***

990

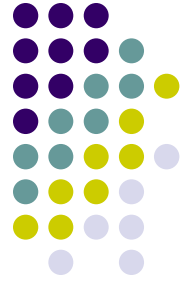
Sponsoring organizations of donor advised funds and 512(B)(13) controlling organizations must file Form 990.

Ann Tettlebaum

Williams-Keepers LLC

Filing Requirements

Are gross receipts normally \$25,000 or less?



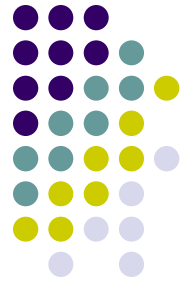
Gross Receipts: Total amounts received from all sources during annual accounting period, without subtracting any costs or expense

- 1. Up to a year old and has received, or donors have pledged to give, \$37,500 or less during first tax year.**
- 2. Between 1 and 3 years old and averaged \$30,000 or less in gross receipts during each of its first 2 tax years; or**
- 3. Three years old or more and averaged \$25,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).**

Ann Tettlebaum

Williams-Keepers LLC

Form 990-N (e-postcard)



File Form 990-N at the following website:

<http://epostcard.form990.org/>

The e-Postcard is due every year 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.

An organization that fails to file required e-Postcards for three consecutive years will automatically lose its tax exempt status

Ann Tettlebaum

Williams-Keepers LLC

Form 990-N (e-postcard)





Urban
Institute

e-Postcard
file your electronic IRS Form 990-N

Home Support Links Log In

e-Postcard: file your electronic IRS Form 990-N

File your electronic Form 990-N (e-Postcard).
Click [here](#) for more information on who must file Form 990-N (e-Postcard)

NOTICE: If you are a subordinate organization, be sure to use your own employer identification number (EIN). Do not use the EIN of your parent organization or another subordinate organization.

Note: You cannot file your e-Postcard until after your tax year ends. Click [here](#) for more details.

STEP 1: [Register as a New User](#)

To file Form 990-N (e-Postcard), you must register and obtain a login ID. Click the link above to request a login ID. **If you already have a login ID, either recently created or from a previous year, go to Step 2.**

STEP 2: [Create your Form 990-N \(e-Postcard\)](#)

Once you have a login ID, you can access the system and create your e-Postcard. Click the link above to begin the process.

STEP 3: [Submit your Form 990-N \(e-Postcard\)](#)

Once you complete your e-Postcard, click the "Submit Filing to IRS" button.

[Requirements and tips](#) for using this website.

Quick Menu

- [Register as a New User](#)
- [Update Email/User Information](#)
- [Create New e-Postcard](#)
- [Edit/View Existing e-Postcard](#)

- [Technical Support](#)
- [Frequently Asked Questions](#)
- [Privacy Policy](#)

Questions or problems regarding this web site should be directed to [Tech Support](#)

Concerned about your privacy? Please view our [privacy](#) policy.

This website is best viewed with Microsoft Internet Explorer 5.5+ or Mozilla Firefox with a screen resolution of 1024 X 768.

Last modified: September 24, 2009.

Ann Kettlebaum

Williams-Keepers LLC

Form 990-N (e-postcard)



e-Postcard

file your electronic IRS Form 990-N

[Home](#)[Support](#)[Links](#)[Log In](#)

Request Login ID

You need a login ID and password to electronically file your organization's IRS Form 990-N (e-Postcard).

Exempt Organizations: If you are filing or assisting someone who is filing, you will need the organization's employer identification number (EIN). The EIN is a 9-digit number with the following format (xx-xxxxxxx). When you enter the EIN on the next page, the system will create your login ID based on the organization's EIN. The login ID will be the EIN (without the dash) plus a two digit number (i.e. xxxxxxxx01). Your login ID will never change. If another user requests a login ID for the same EIN, the last two digits of his or her login ID will be different (i.e. xxxxxxxx02, xxxxxxxx03, etc).

Preparers: If you are a professional preparer or you are assisting more than one organization, you can request one "Preparer" login ID that allows you to submit Forms 990-N (e-Postcards) on behalf of multiple exempt organizations. After you select "Preparer" on the next page, you will be prompted to enter your personal login ID. Your login ID will not be based on the EIN of an organization.

Once you have completed the login ID request process, you will receive an email containing an activation link. Click on the link to activate (and use) your login ID. The e-Postcard website will *not* recognize your login ID until you activate it through the email link.

Form 990-N (e-postcard)



e-Postcard
file your electronic IRS Form 990-N

Request Login ID

**Please select Exempt Org
or Preparer:**

(for a definition of the two login ID types, return to the previous page.)

Login ID Type:

Exempt Organization

Organization EIN

 -

If you are a subordinate organization, be sure to enter your own EIN. Do not enter the EIN of your parent organization or another subordinate organization.

<< Back

Next >>

Form 990-N (e-postcard)



e-Postcard
file your electronic IRS Form 990-N

Form 990-N Home

Control Panel

Log Out

Electronic Notice - Form 990-N (e-Postcard) Organization Information

The employer identification number (EIN) '99-9999999' you entered was not found in the IRS list of organizations eligible to file the e-Postcard. You may have entered the EIN incorrectly. If so, please re-enter the EIN and try again. If the EIN you entered is correct and you believe you are required to file the e-Postcard, call IRS Customer Account Services at 877-829-5500 for assistance. For more information click [here](#).

Go To Form 990-N Home

Go To Control Panel

Enter a Different EIN

Form 990-N (e-postcard)



e-Postcard

file your electronic IRS Form 990-N

Frequently Asked Question (FAQ)

I tried to create a login ID but the system told me it could not find the EIN. What should I do?

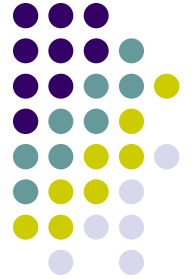
When you enter your organization's EIN, our system verifies that the EIN is on the IRS list of organizations eligible to file the e-Postcard. If you are certain you entered your EIN correctly, the IRS may not have your organization listed as a tax-exempt organization. *This does not mean that your EIN is not valid.* You will need to call IRS Customer Account Services at 877-829-5500 for assistance.

If your organization is a subordinate organization that is not included on the parent's group return, your parent organization may have failed to list your organization on the list of subordinates provided to the IRS annually. The best way to resolve this is to have the parent organization ask the IRS to update its records by writing to the following address:

Internal Revenue Service
1973 North Rulon White Blvd
Ogden, UT 84404-5402
ATTN: M/S 6273

If the IRS must update its records, it will be approximately six weeks before you can file your e-Postcard. You should not be concerned if your organization's filing due date is imminent as there are no late filing or delinquency penalties associated with the e-Postcard.

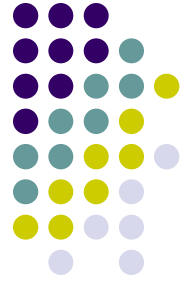
Form 990-N (e-postcard)



WHAT YOU WILL NEED IN ORDER 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)

501(c)(6) Other Forms

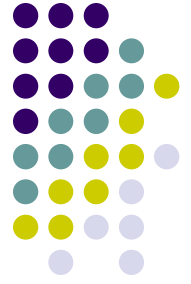


Form 990-T: Exempt Organization Business
Income Tax Return (and proxy tax under Section
6033(3)).

Form 1120-POL – US Income tax Return for
Certain Political Organizations (Includes 501(c)
organizations that have “political organization”
taxable income.)

Employee and Independent Contractor Forms

Resources



- <http://www.irs.gov/formspubs/index.html> IRS Forms and Publications
- <http://www.irs.gov/charities/nonprofits/article/0,,id=169366,00.html>
Live Cycle of a Business League
- www.guidestar.com
View filings by tax exempt entities
- <http://epostcard.form990.org/>
File e-postcard (Form 990-N)
- <http://www.irs.gov/charities/article/0,,id=169250,00.html>
IRS e-postcard information, including link to find an e-postcard