



Applying for Tax Exempt Status

2018

Parent Clubs may wish to apply to the Internal Revenue Service for a Tax-Exempt Status determination as an entity exempt from federal taxation under the provisions of the Internal Revenue Code. There is no federal requirement that entities applying for federal tax-exempt status be incorporated under state law. Certain advantages may accrue from an IRS determination that a Parent Club is tax-exempt. The entity is generally exempt from federal income tax. In most states, the entities would be exempt from state sales tax. Members and others who make donations to the Parent Club may deduct the amount of their contributions in whole or in part from their gross income when computing their personal income tax liability. Another advantage of tax-exempt entities is the availability of a reduced bulk postage rate for large mailings.

IRS Educational Resources and Guidance for Exempt Organizations:

For the most recent forms or additional questions please call the IRS toll-free number—800.829.FORM—or the appropriate number listed in the telephone directory under U.S. Government, Internal Revenue Service, Information and Forms. You can also visit their websites at <http://www.stayexempt.irs.gov/StartingOut.aspx> and <http://www.irs.gov/Charities-&-Non-Profits/Other-Non-Profits>.

Different Types of Applicable Organizations:

- **Charitable Organizations 501(c)(3)** - To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an action organization, *i.e.*, it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.
- **Veterans' Organizations 501(c)(19) and 501(c)(23)** - The Internal Revenue Code section 501(c) includes two subsections [501(c)(19) and 501(c)(23)] which provide for tax-exemption under section 501(a) for organizations that benefit veterans of the United States Armed Forces. Internal Revenue Code section 7701(a)(15) defines "Armed Forces of the United States" to include all regular and reserve components of the uniformed services which are subject to the jurisdiction of the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force, and each term also includes the Coast Guard.

Helpful Links:

- [Form 1023, Application for Recognition of Exemption Under Section 501\(c\)\(3\) of the Internal Revenue Code](#)
- [Applying for 501\(c\)\(3\) Tax-Exempt Status](#)
- [Application Process](#)
- [Exemption Requirements - 501\(c\)\(3\) Organizations](#)
- [Future Webinars and Recorded Events](#)
- [Stay Exempt Mini-courses for 501\(c\)\(3\) Organizations](#)
- [Published Guidance for Exempt Organizations](#)
- [Forms and Instructions](#)
- [Current 990-series Forms and Instructions](#)
- [Life Cycle of an Exempt Organization](#)