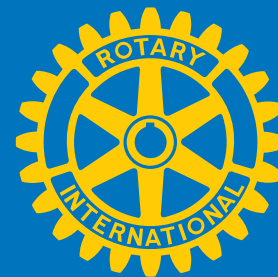


Frequently Asked Questions

US Rotary Clubs and the IRS



This information is not intended to give legal or tax advice. Please consult your professional advisors to determine the specific rules applicable to you or contact the IRS directly. (www.irs.gov or 1-877-829-5500)

What is an Employer Identification Number (EIN) and does my club need to apply for one?

An Employer Identification Number (EIN) is a nine-digit number used by the IRS to identify an entity. All Rotary clubs in the US and US territories (American Samoa, Guam, Northern Marianas, Puerto Rico, US Virgin Islands) need to apply for an EIN when they charter. To find out more, visit [How to Apply for an EIN](#) and [Instructions for Form SS-4](#) at www.irs.gov. Please note that RI's Group Exemption Number (GEN) 0573 must be included on the form in order for your club to be tax-exempt under RI's 501(c)(4) group exemption ruling.

My club intends to operate as a 501(c)(4) organization. Do we need to notify the IRS?

Legislation enacted at the end of 2015 requires you to notify the IRS by submitting [Form 8976](#) within *60 days* of the date your club becomes a legal entity (i.e. date your articles of incorporation were approved or date your constitution or bylaws were adopted). Clubs that have filed a Form 990 or Form 1024 *on or before 8 July 2016* are not required to file the notification. Visit [Electronically Submit Your Form 8976](#) at www.irs.gov for more details. *Note: Submitting this form is not a determination of tax-exempt status. See the next question for more information on becoming tax-exempt under RI's group exemption ruling.*

What must my club do to be included under RI's 501(c)(4) group exemption ruling?

Send a copy of the notice from the IRS confirming your EIN to your [Club and District Support Representative](#) (CDS). It is also necessary to include a positive confirmation that your club wishes to be included in RI's 501(c)(4) group exemption ruling. RI will enter your club's EIN into its database and annually confirms with the IRS all clubs included under RI's 501(c)(4) group exemption ruling.

What is the official naming convention for Rotary clubs according to the IRS?

RI will report your club's name as the Rotary Club of Community, State. To confirm the club name registered with the IRS, please contact them directly at 877-829-5500.

Can my club use RI's EIN when applying for a bank account or filing?

No. Each EIN is specifically assigned to a single entity or club. Your club must use its own EIN when applying for a bank account or filing its annual information form.

What do the terms 501(c)(3) and 501(c)(4) mean?

These are federal tax classifications for organizations that meet the requirements of Internal Revenue Code section 501(a). Charitable organizations are exempt under section 501(c)(3) and social welfare organizations under 501(c)(4) of the Internal Revenue Code. Under RI's group exemption ruling, Rotary, Rotaract and Interact clubs are entitled to 501(c)(4) tax-exempt status. For more information about these tax classifications, please visit [Life Cycle of an Exempt Organization](#) at www.irs.gov.

Are contributions to my club considered charitable contributions for individuals?

Contributions to clubs are generally not tax deductible as charitable contributions. Contributions to any club charitable fund that is tax-exempt under [Section 501\(c\)\(3\)](#) of the

Internal Revenue Code may be tax-deductible as charitable contributions. Membership dues may be deductible for some Rotarians as business expenses.

Can my club or club foundation use The Rotary Foundation's EIN to receive charitable contributions?

No. Each EIN is assigned to a specific entity. The club or club foundation itself must meet the requirements of the Internal Revenue Code in order to receive charitable contributions.

Can my club or club foundation obtain 501(c)(3) tax-exempt status under The Rotary Foundation?

No. The Rotary Foundation (TRF) does not currently have a group exemption under which clubs or club foundations can obtain 501(c)(3) tax-exempt status. Clubs must work directly with the IRS to apply for this exemption on their own.

TRF operates a Donor Advised Fund (DAF) that provides similar benefits to a club foundation. Any club interested in forming a foundation or having trouble managing an existing foundation should review the opportunities available through TRF DAF at www.rotary.org/plannedgiving.

My club obtained 501(c)(3) tax-exempt status. Do we need to report this to RI?

Yes. Your club should submit to your [CDS representative](#) a copy of the IRS notice confirming its tax-exempt status. RI will then remove your club and EIN from our 501(c)(4) group exemption ruling.

Does my club need to file an annual information form with the IRS?

Yes. While Rotary clubs and districts are exempt from paying federal income tax, the law requires all Rotary clubs and districts to file an annual information return (Form 990, 990-EZ) or submit an annual electronic notice (990-N). The version a club files is dependent upon its gross receipts for the year. For more information about this requirement and to find out which form to file, please see [Which forms do exempt organizations file?](#) at www.irs.gov.

What is the deadline to file an annual information form to the IRS?

These forms are due every year by the 15th day of the 5th month after the close of your tax year. For clubs following RI's tax year ending on 30 June, the deadline to file is 15 November.

Where can my club find more information about Form 990-N (e-Postcard)?

Please refer to [Annual Electronic Notice \(Form 990-N\): Frequently Asked Questions and Answers](#) at www.irs.gov.

Should my club include the receipt of Global or District Grants on our Form with the IRS?

If you are required to file an annual information return (Form 990, 990-EZ), generally you should report all receipts and disbursements on the form regardless of where those receipts originated.

My club received notice from the IRS that our tax-exempt status was automatically revoked for failure to file for three consecutive years. What does this mean and what do we do?

According to IRS regulations, an organization whose tax-exempt status has been automatically revoked must apply to have its tax-exempt status reinstated, even if it was not originally required to file an application for exemption. To check your club's tax-exempt status, visit [Exempt Organizations Select Check](#) at www.irs.gov. For more information about the consequences of revocation and how to apply for reinstatement, please see [Automatic Exemption Revocation for Non-Filing: Frequently Asked Questions](#) at www.irs.gov. For any further questions, please contact the IRS directly at 877-829-5500.