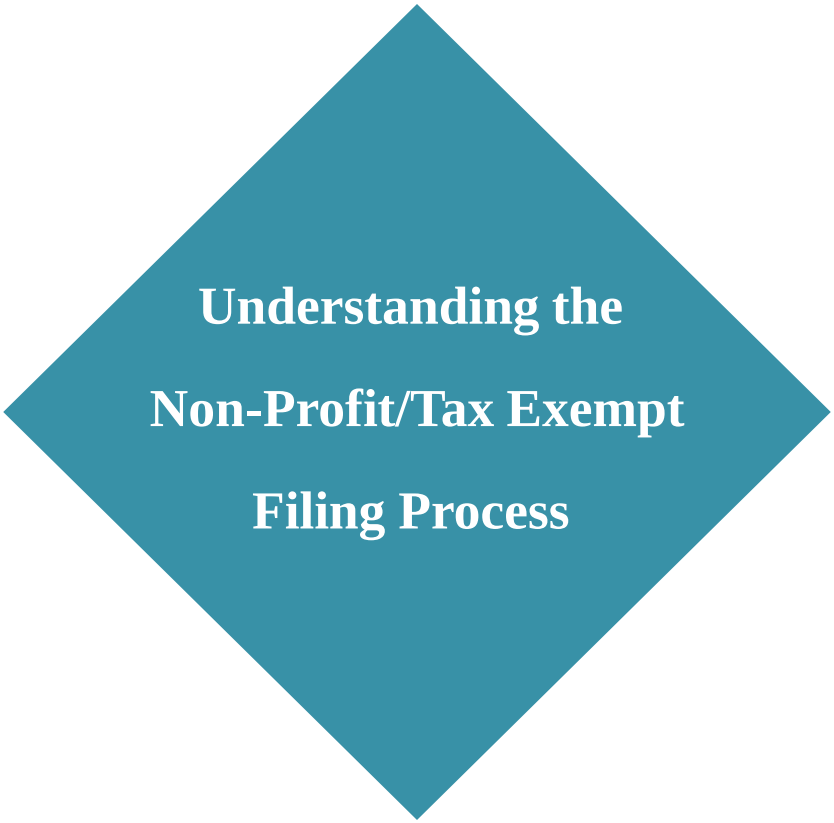
National Association of Postal Supervisors

How to File for Non-Profit /Tax Exempt Status



Do you know your NAPS Branch Tax Status?

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Why Become A Tax Exempt 501(c)(5)?

- Tax-exempt (Non-Profit) organizations do not pay federal income taxes on revenue in excess of expenses
- May not be required to pay State income taxes
- Most financial institutions waive banking fees
- IRS Form 990, 990-EZ or 990-N *(ePostcard)* may be simpler than annual *Corporate* Form 1120 or *Partnership* Form 1065, K-1 and Schedule E
- If you do not choose to become tax-exempt then consider election as corporation over partnership

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

General Tax Exempt 501(c)(5) Information

- Majority of states do not allow 501(c)(5) tax-exempt organizations to avoid paying state sales tax (check respective State rules)
- Some state laws, Non-Profit organization may not be sued
- Tax Exempt 501(c)(5) organizations do not allow for tax deduction contributions
- There is a cost to file for non-profit/tax exemption: **$600**

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Filing for Non-Profit/Tax Exempt Status

Tax Exempt 501(c)(5) Responsibilities

- Prior to 2007, tax filing was not mandated for most non-profit organizations
- In 2007, IRS law changed. Every non-profit organization had to file a 990 tax return for 3 consecutive years
- A non-profit (tax-exempt) organization that failed to file the required IRS 990, 990-EZ, 990-N *(e-Postcard)* for three consecutive years automatically lost its tax-exempt status
- After December 31, 2012 must reapply for non-profit

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Tax Exempt/Non-Profit Filing

Where to Start?

1. Confirm NAPS branch has an Employer Identification Number (EIN)
2. No EIN, Request from IRS before proceeding
3. If EIN, verify NAPS Branch's Tax Exempt Status
4. If not, Tax-Exempt, apply for non-profit status
5. Prepare branch documents including financials for Tax Exempt/Non-Profit filing with IRS
6. Complete & Submit IRS Tax Exempt/Non-Profit tax applications (IRS Form 1024 & 8718)
7. Pay Non-Profit User Fee of $600
8. Retain Tax-Exempt/Non-Profit Documentation
9. File Tax Exempt Taxes (990, 990-EZ or 990-N (ePostcard)

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Tax Exempt/Non-Profit Filing
Getting Started!

- Request an Employer Identification Number (EIN) if branch does not already have one
- SS-4 – Application for Federal Employer Identification Number (EIN). May be requested online at www.irs.gov. Simplest way
- Free service offered by the Internal Revenue Service
- Check with **your state** if branch needs state number or charter
- In the IRS "search" type *EIN SS4*. Follow the instructions to apply on-line for EIN
- May also apply by mail—a longer process

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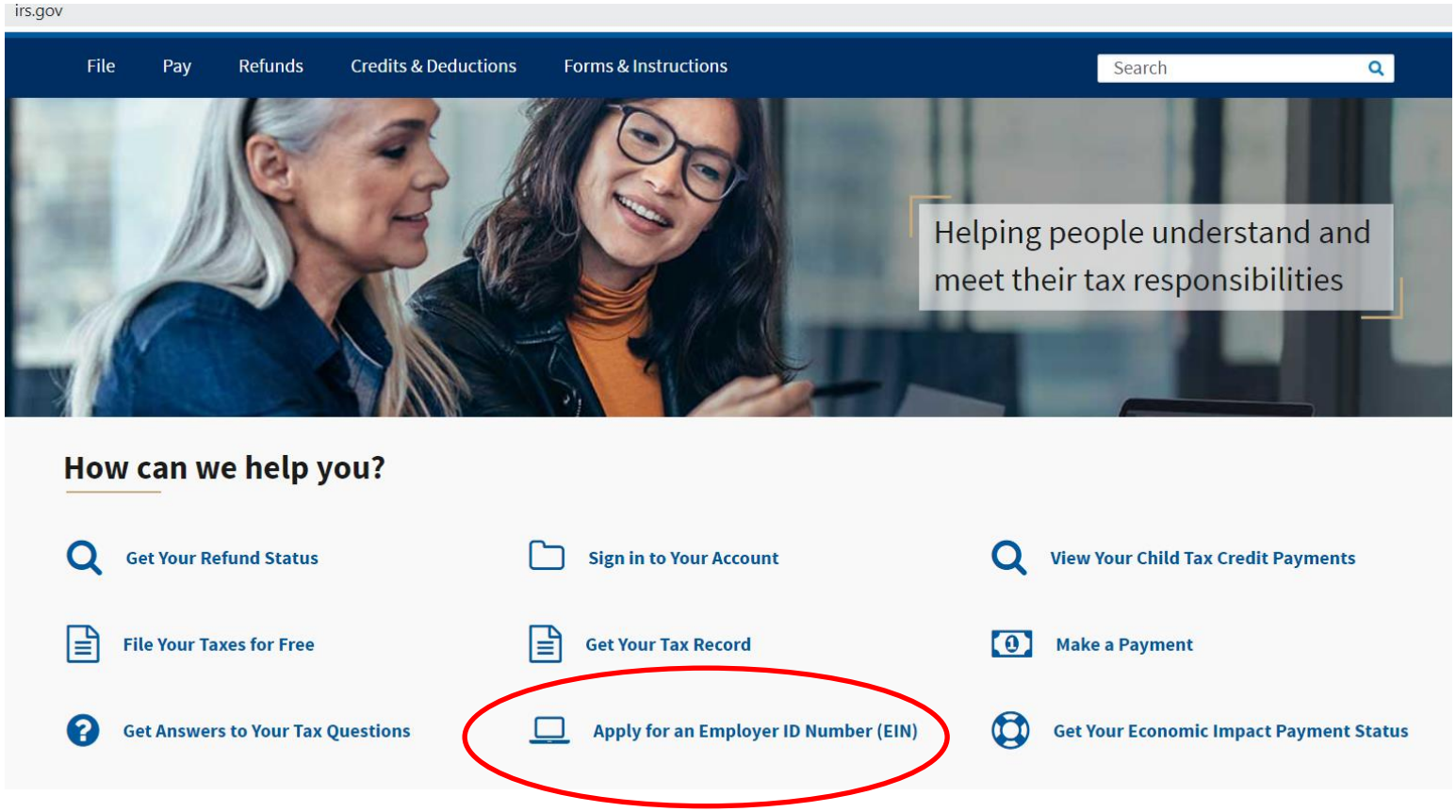
Filing for Non-Profit/Tax Exempt Status

Requesting an EIN

www.irs.gov



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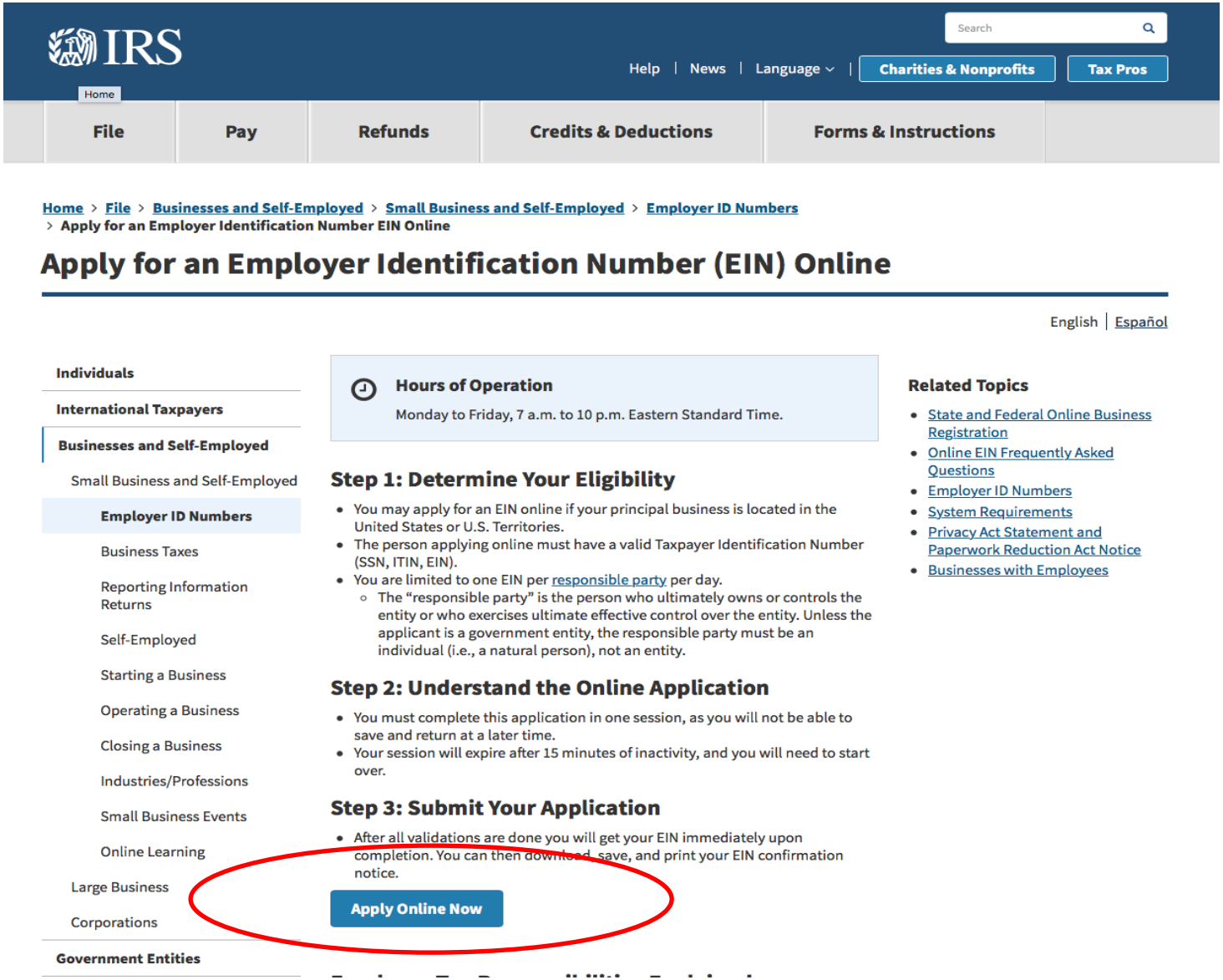
Filing for an EIN



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Filing for an EIN

IRS.gov

Help | Apply for New EIN | Exit

EIN Assistant

Important Information Before You Begin

Use this assistant to apply for and obtain an Employer Identification Number (EIN).
Do I need an EIN?
Do I need a new EIN?

For help or additional information on any topic, click the underlined key words, or view Help Topics on the right side of the screen. Make sure that pop-ups are allowed from this site.

About the EIN Assistant

- You must complete this application in one session, as you will **not** be able to save and return at a later time.
- For security purposes, your session will expire after 15 minutes of inactivity, and you will need to start over.
- You will receive your EIN immediately upon verification. When will I be able to use my EIN?
- If you wish to receive your confirmation letter online, we strongly recommended that you install Adobe Reader before beginning the application if it is not already installed.

Restrictions

- Effective May 21, 2012, to ensure fair and equitable treatment for all taxpayers, the Internal Revenue Service will limit Employer Identification Number (EIN) issuance to one per responsible party per day. This limitation is applicable to all requests for EINs whether online or by phone, fax or mail. We apologize for any inconvenience this may cause.
- If a third party designee (TPD) is completing the online application on behalf of the taxpayer, the taxpayer must authorize the third party to apply for and receive the EIN on his or her behalf.
- The business location must be within the United States or U.S. territories.
- Foreign filers without an Individual Taxpayer Identification Number (ITIN) cannot use this assistant to obtain an EIN.
- If you were incorporated outside of the United States or the U.S. territories, you cannot apply for an EIN online. Please call us at 267-941-1099 (this is not a toll free number).

Begin Application >>

If you are not comfortable sending information via the Internet, download the Form SS-4 PDF file and the instructions for alternative ways of applying.

IRS Privacy Policy | Accessibility

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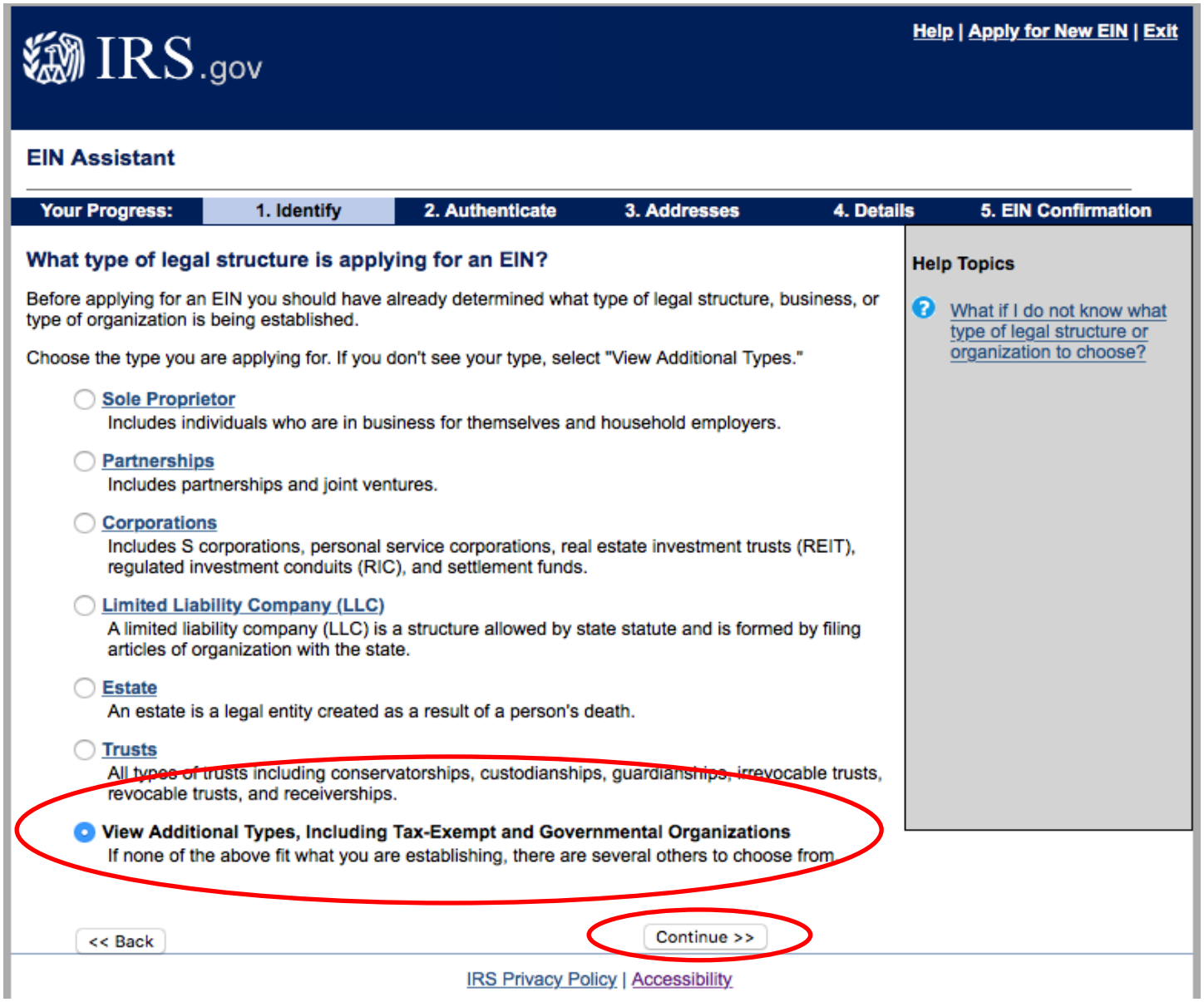
Filing for an EIN



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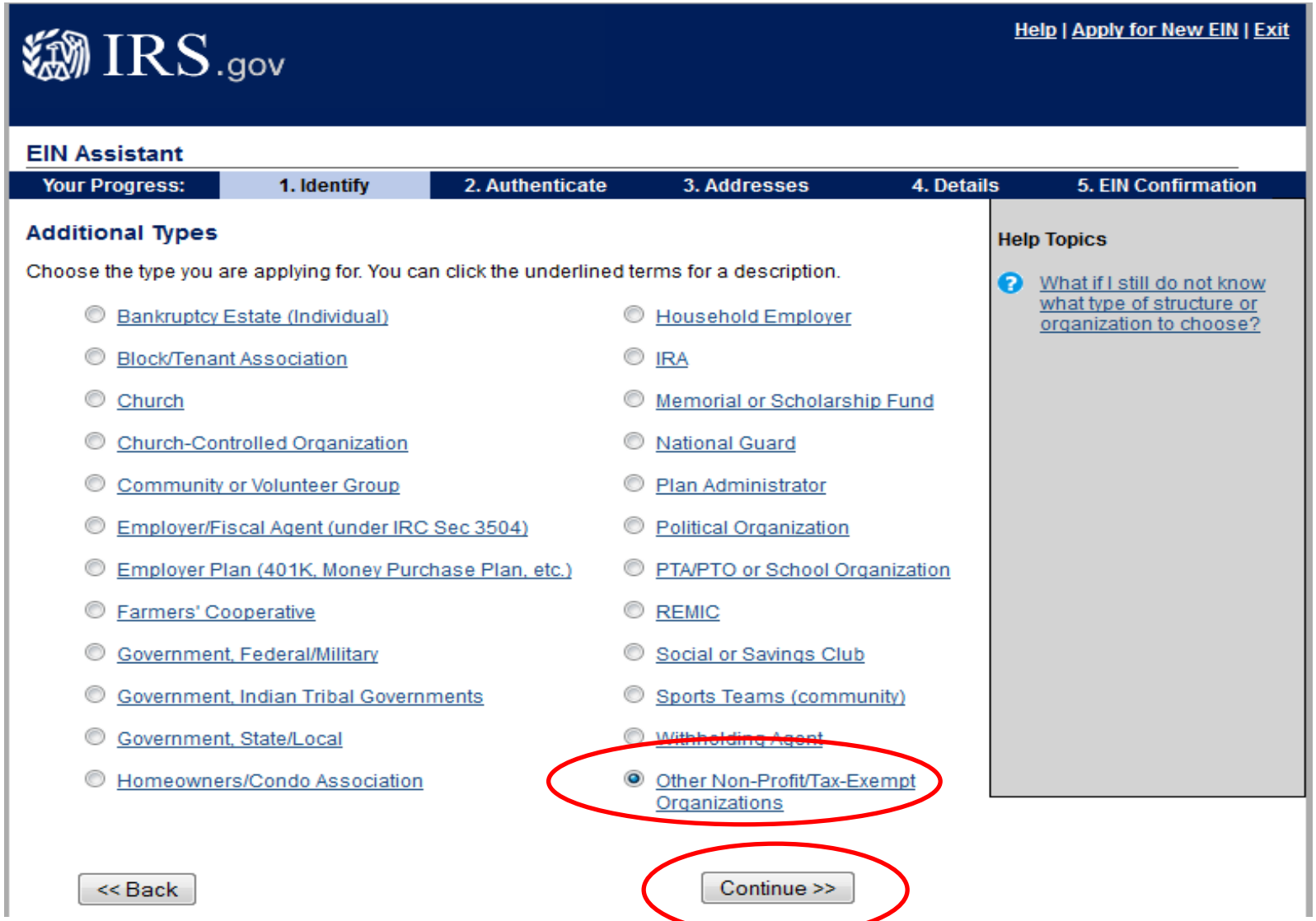
Filing for an EIN



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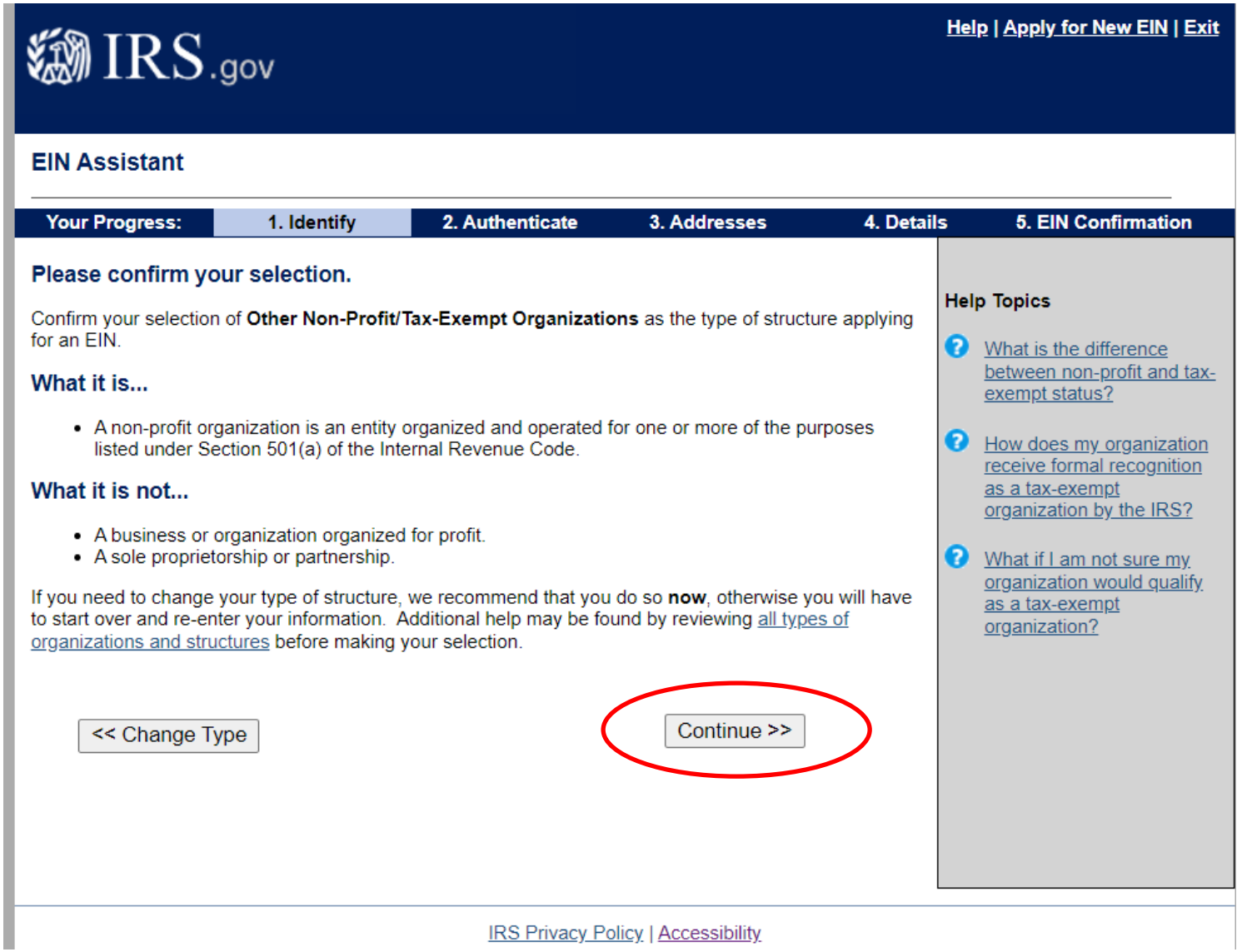
Filing for an EIN



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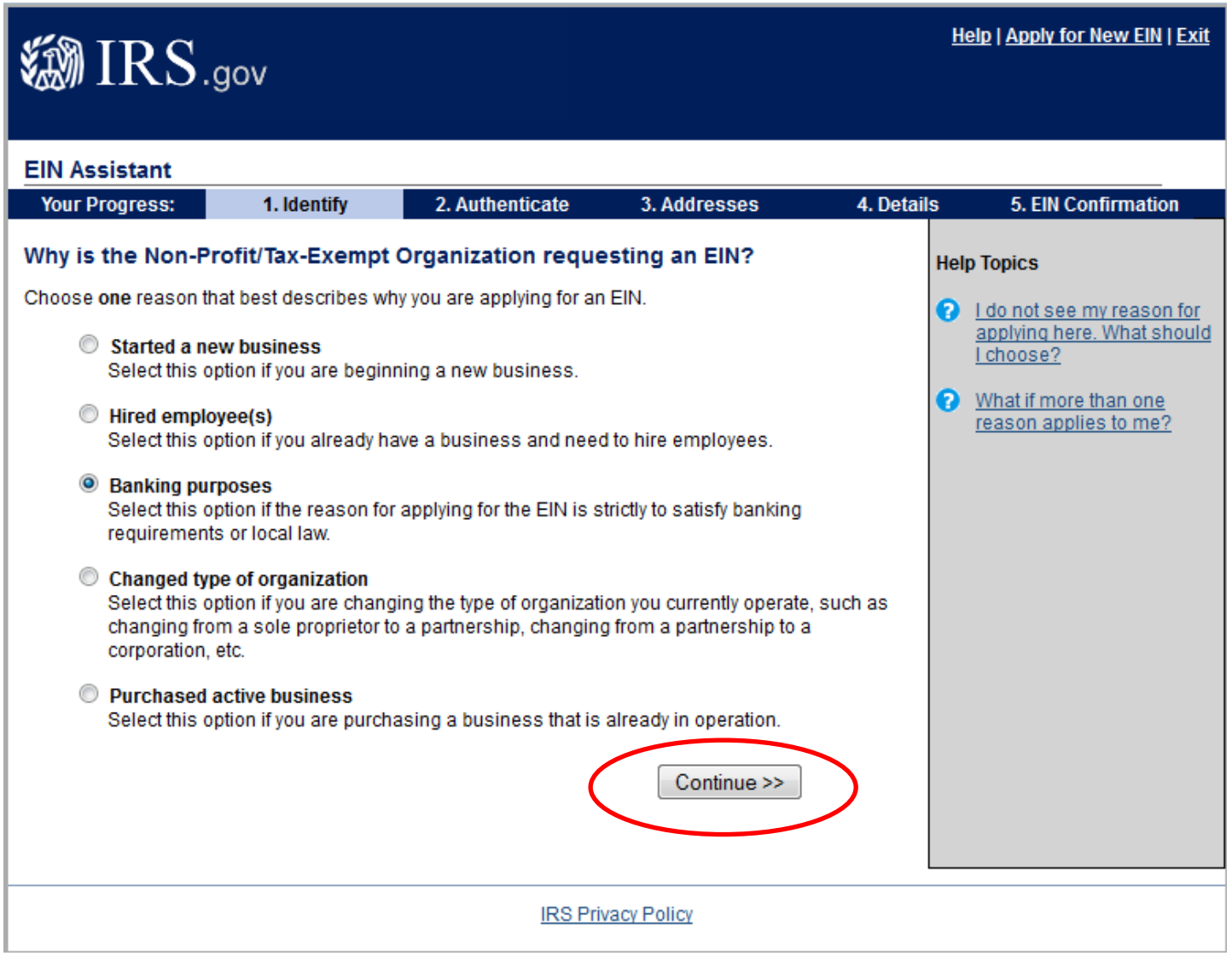
Filing for an EIN



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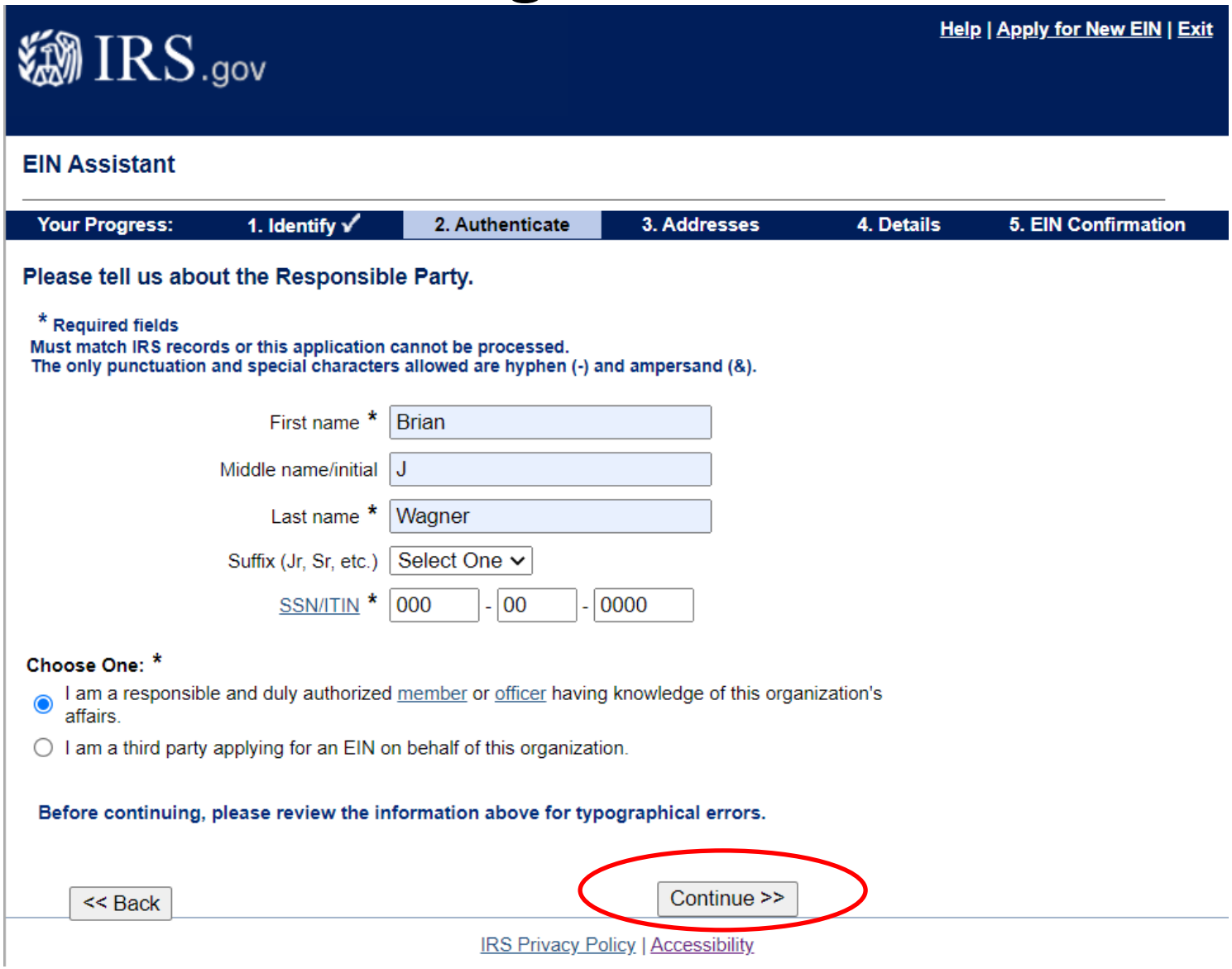
Filing for an EIN



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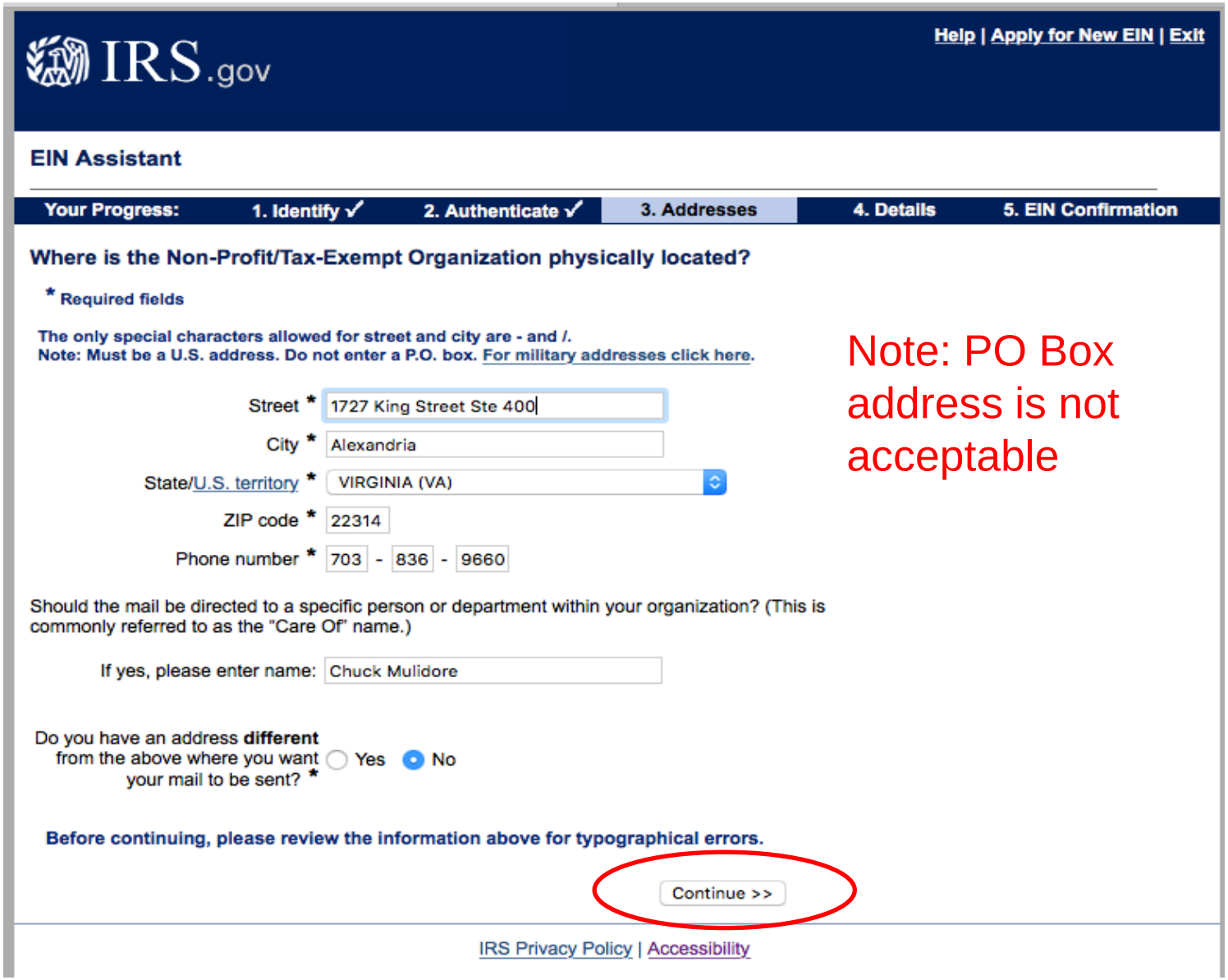

Note: PO Box address is not acceptable

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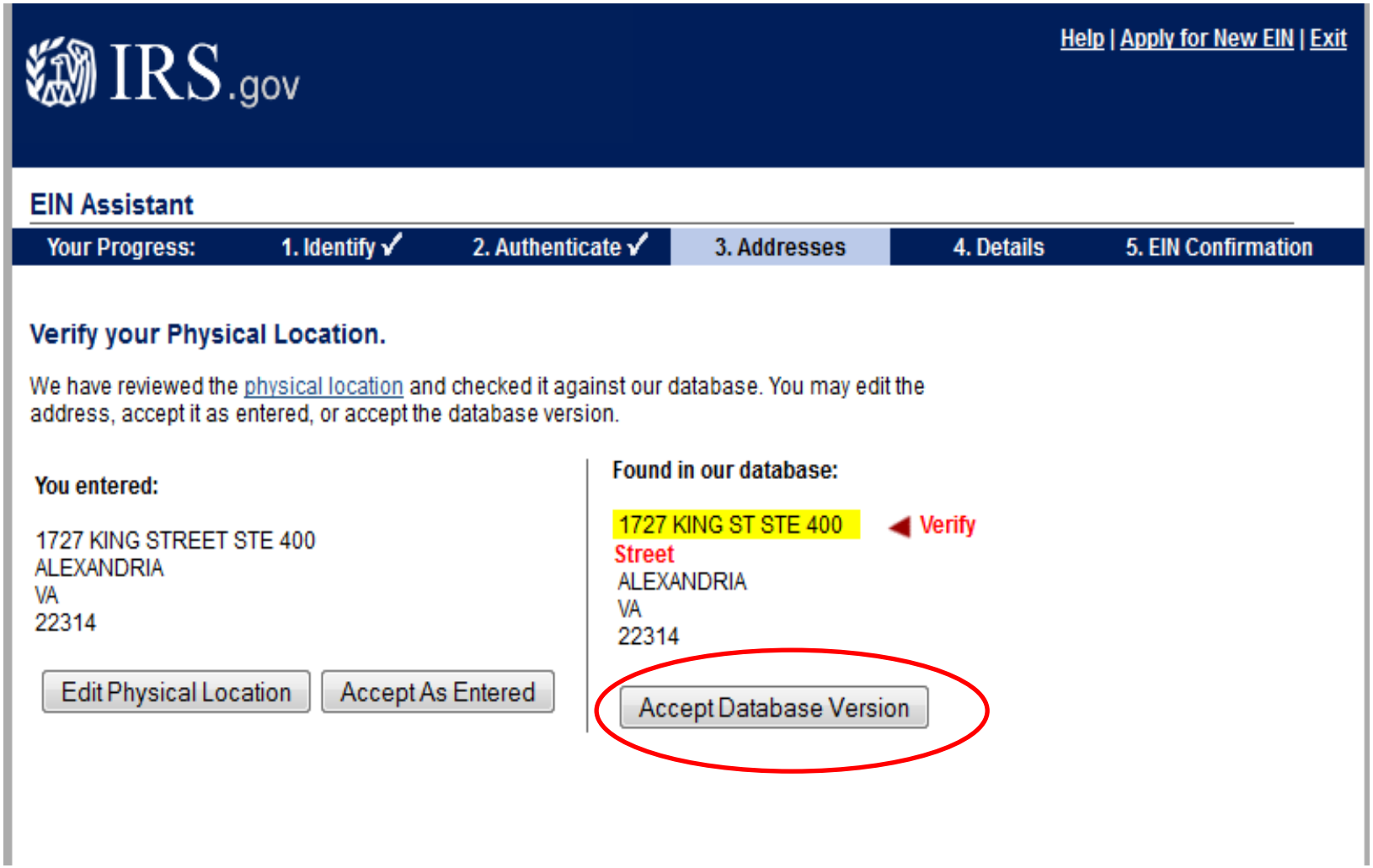
Filing for an EIN



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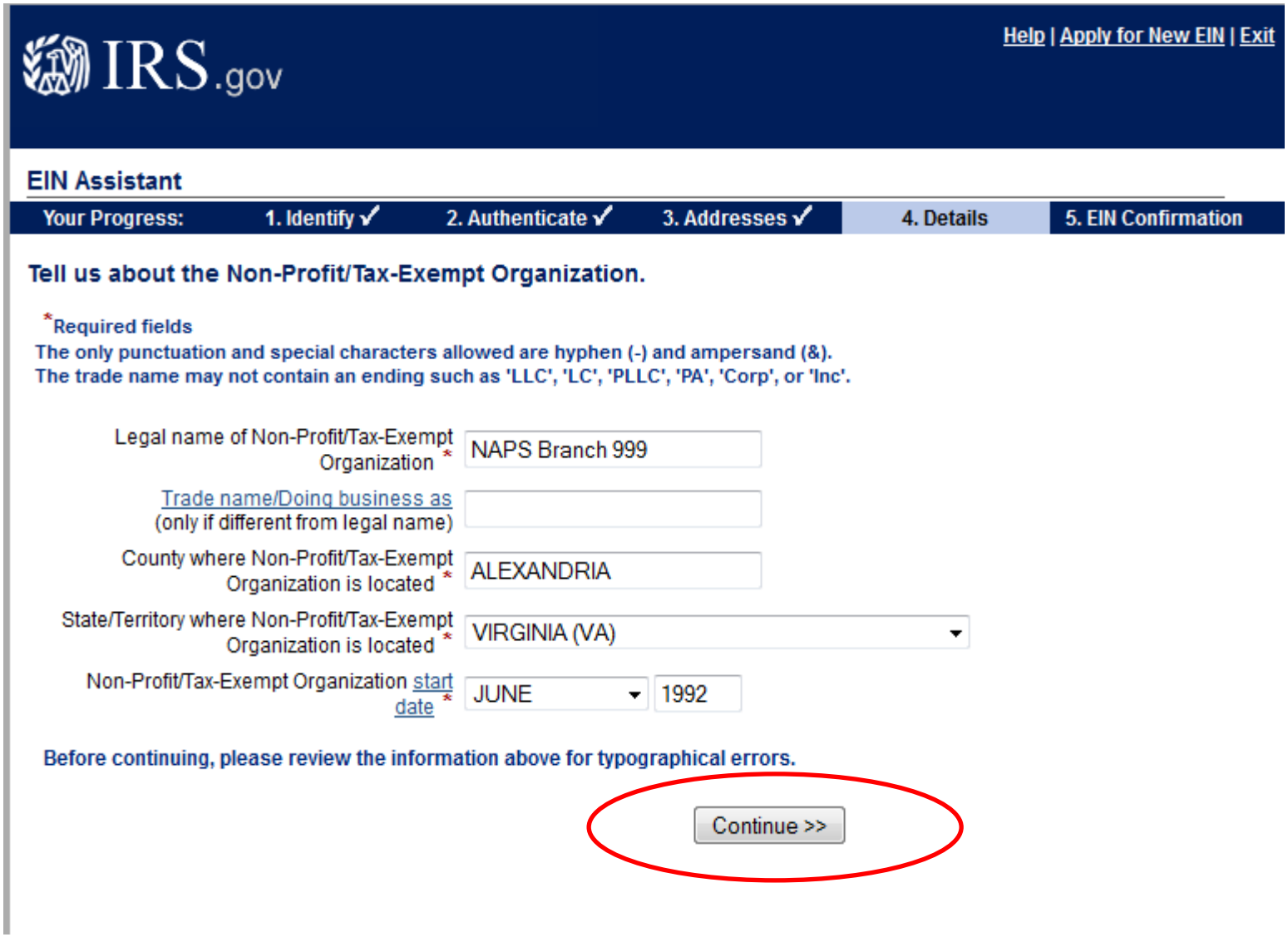
Filing for an EIN



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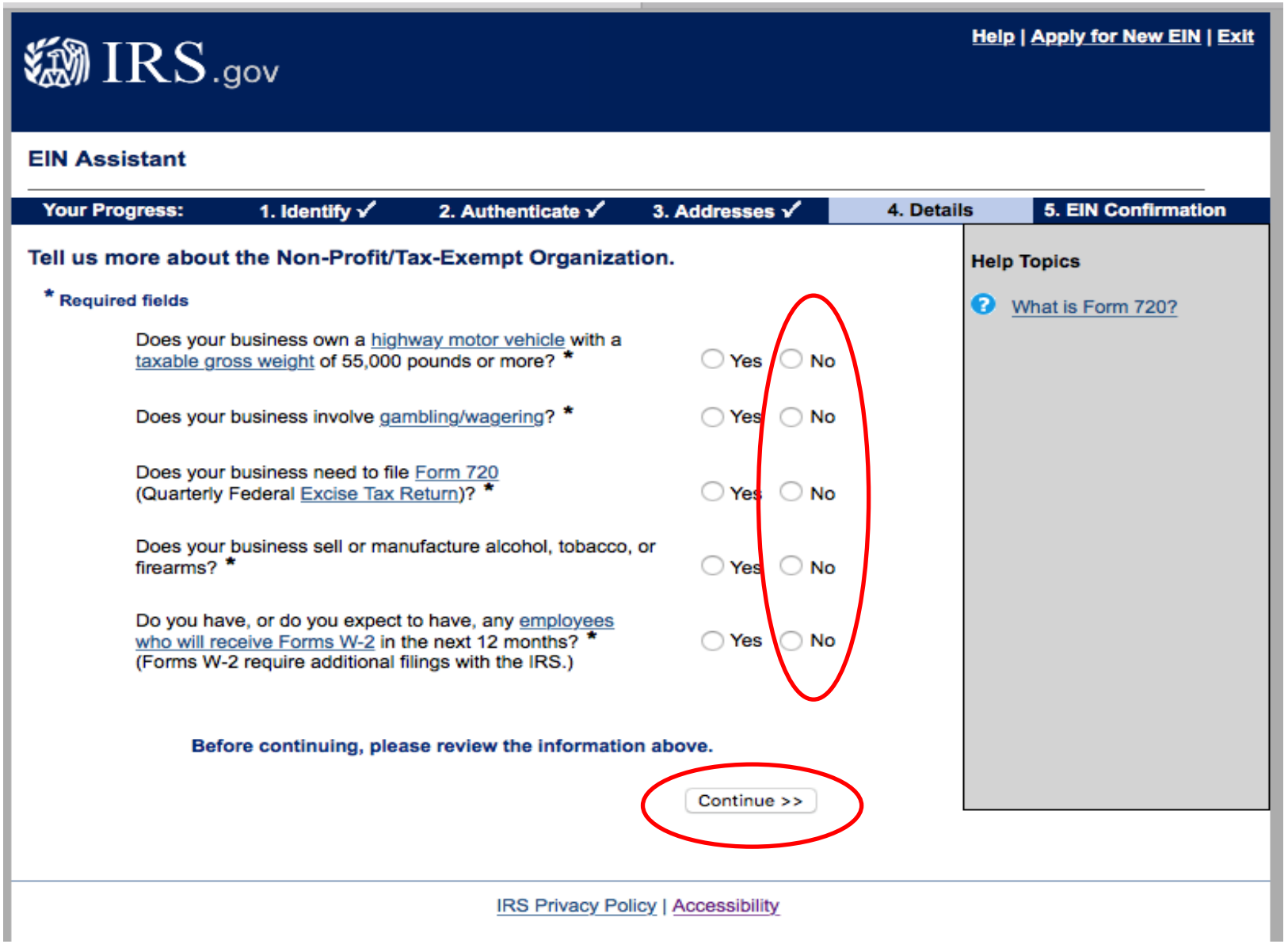
Filing for an EIN



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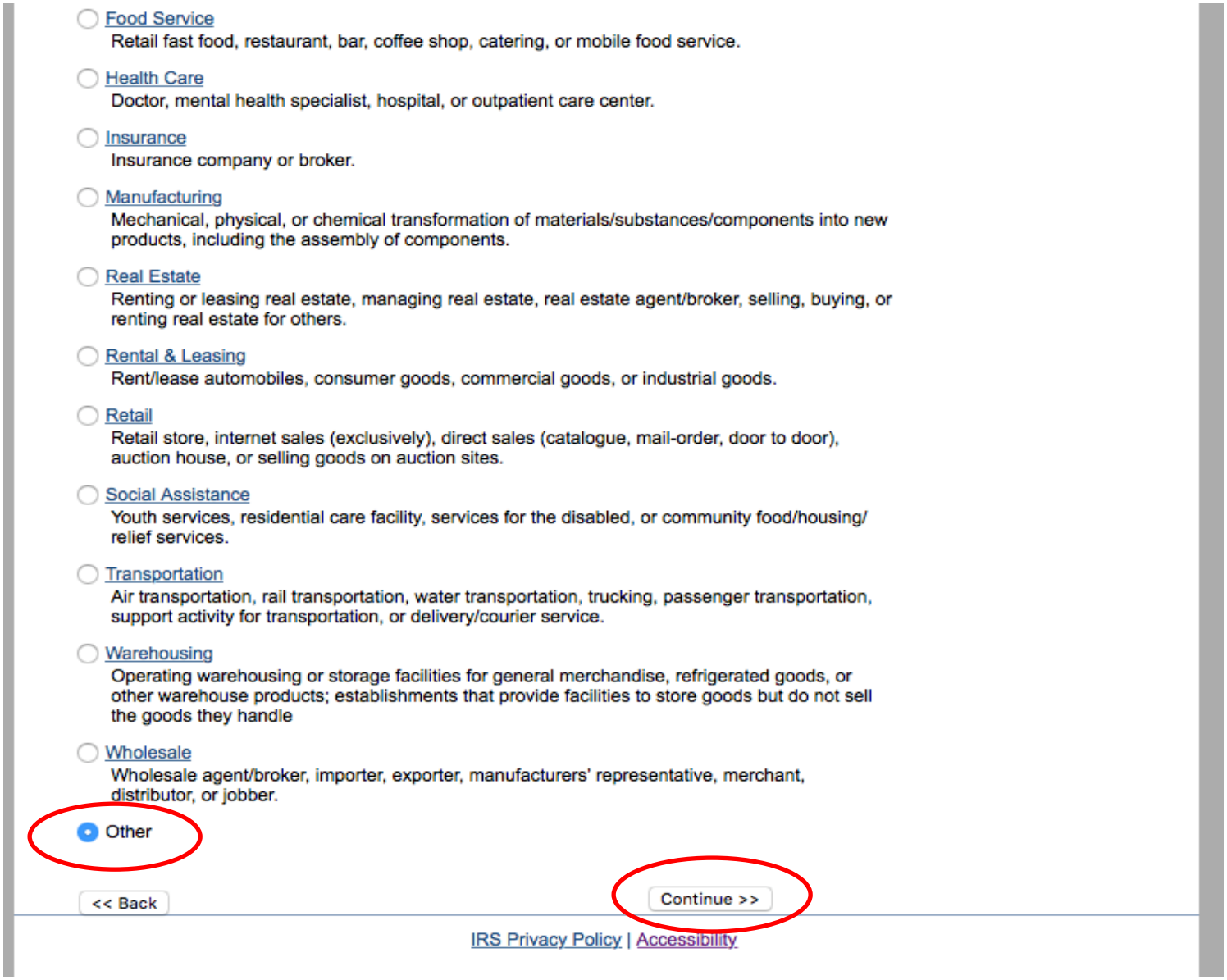
Filing for an EIN



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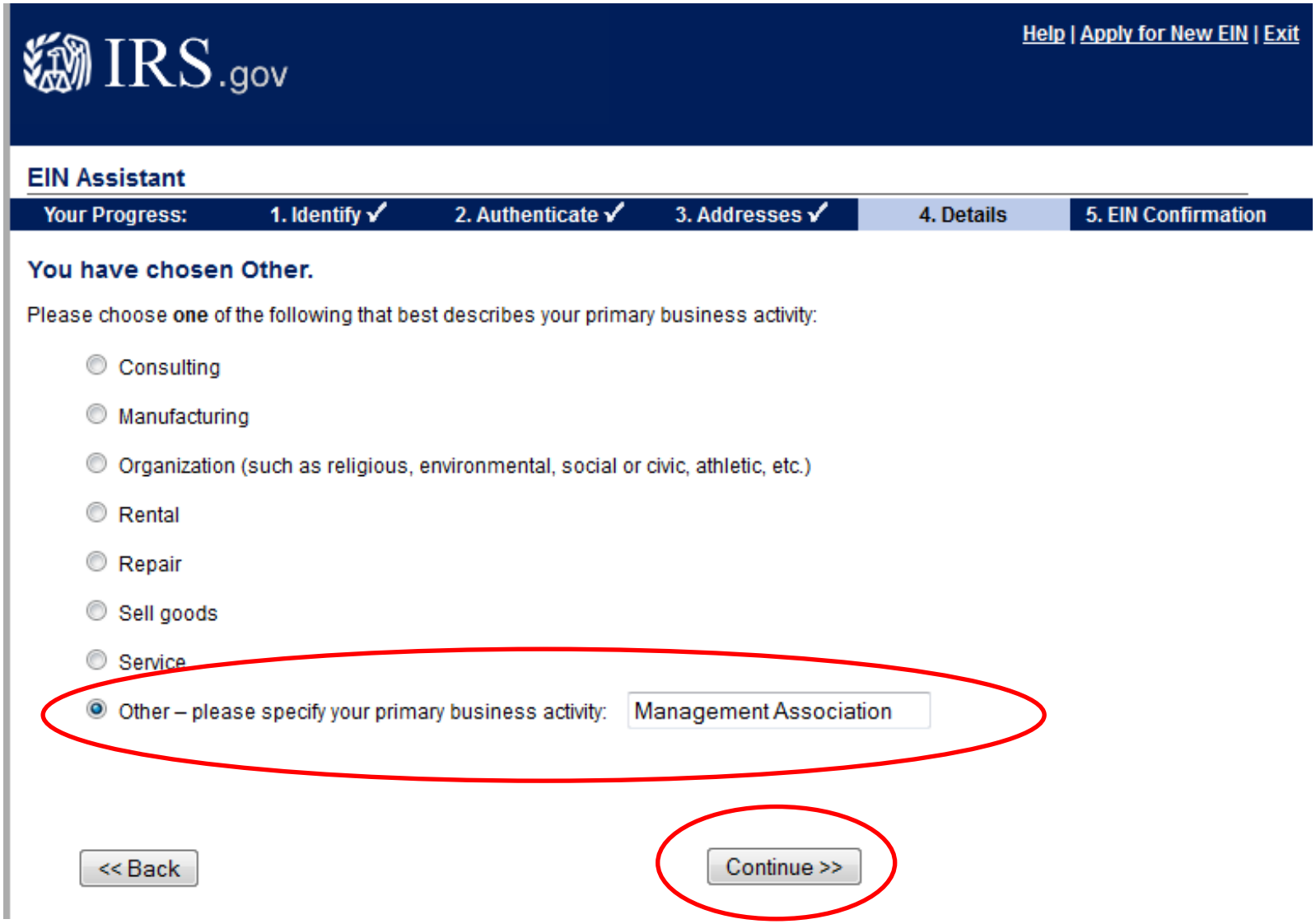
Filing for an EIN



National Association of Postal Supervisors

Filing for an EIN

National Association of Postal Supervisors

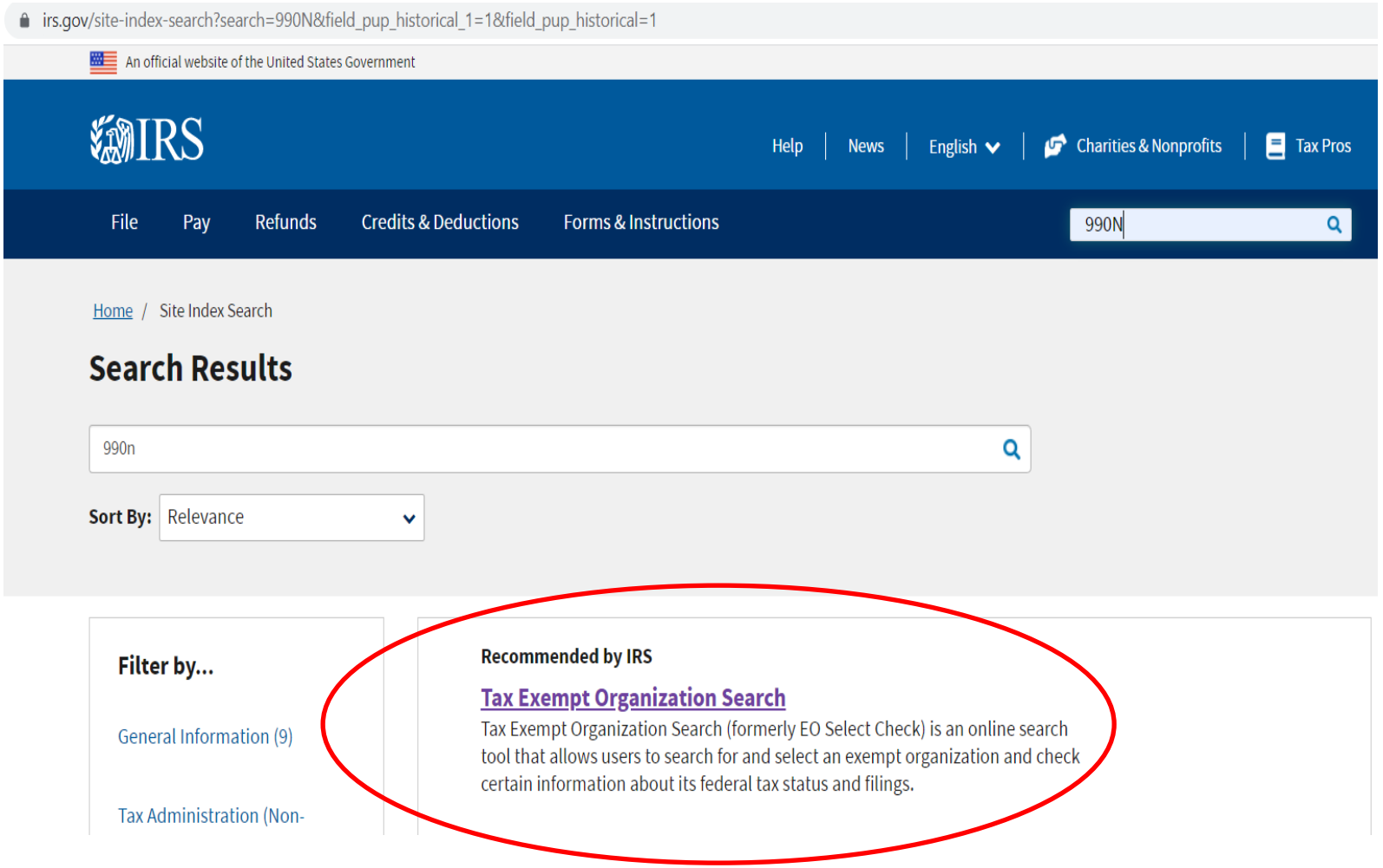
Filing for Non-Profit/Tax Exempt Status

Do you know your NAPS Branch Tax Status?

National Association of Postal Supervisors

Understanding Branch Taxes

How to check for Tax Exempt Status



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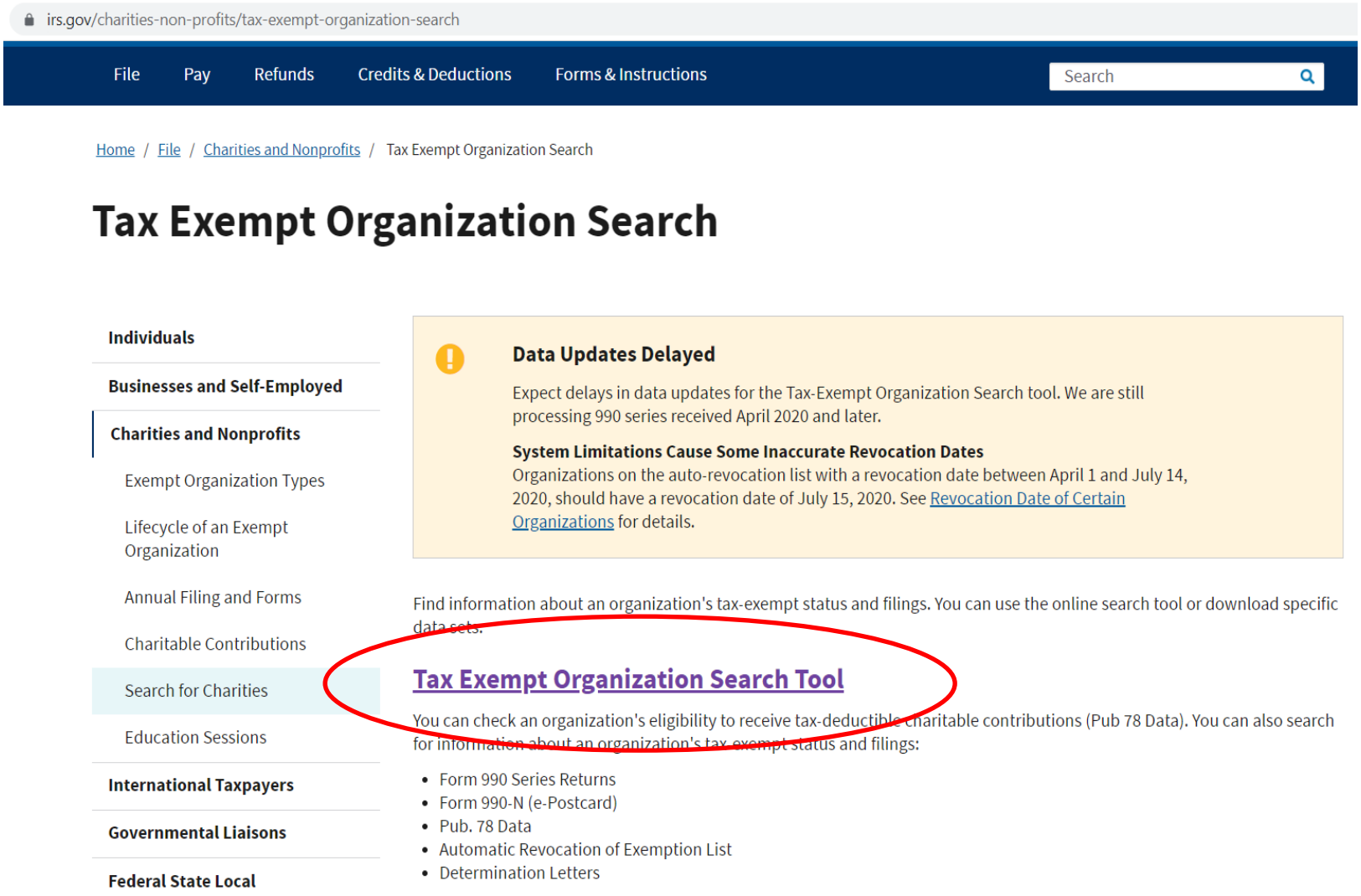
Filing for Non-Profit/Tax Exempt Status



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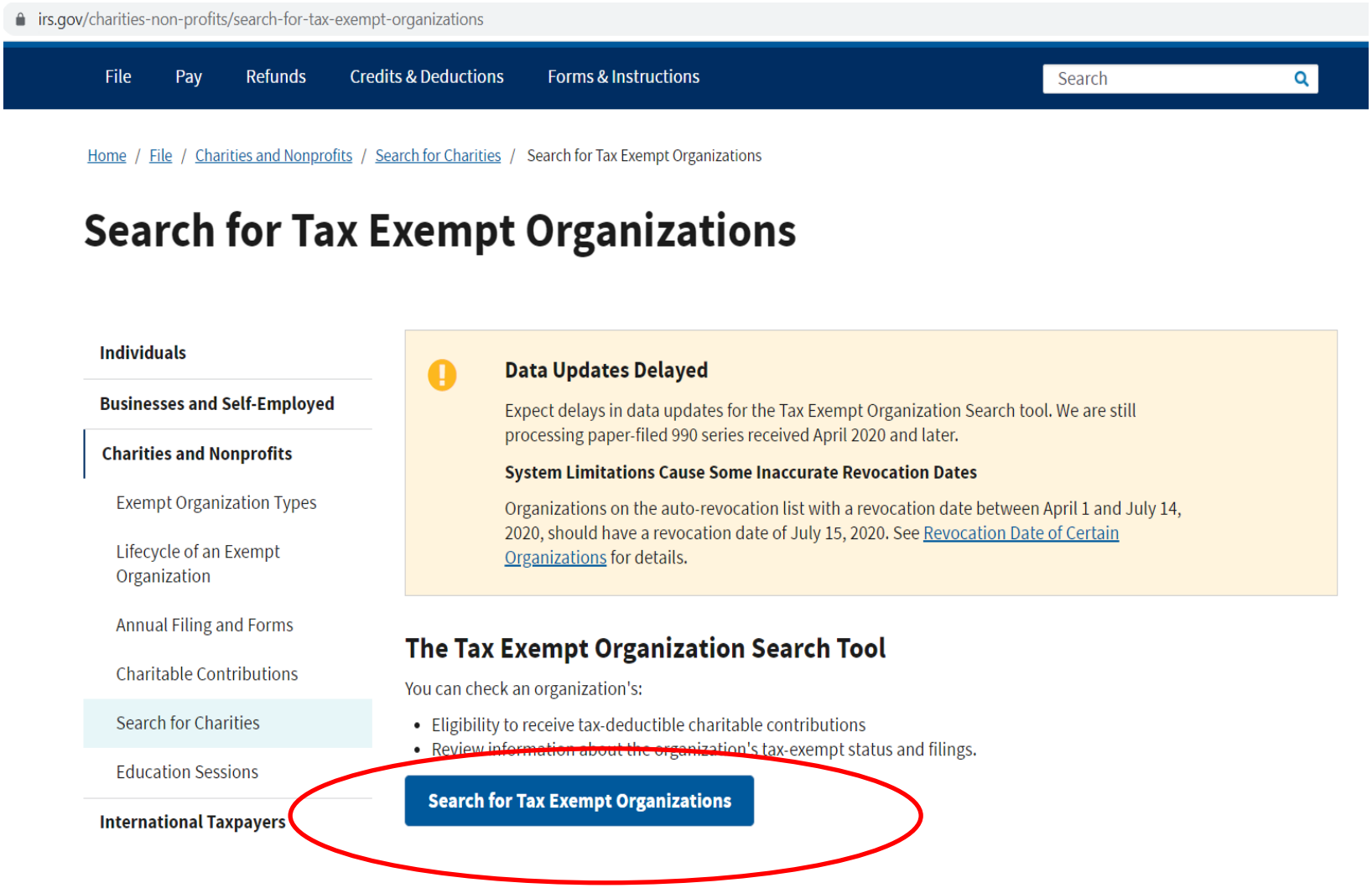
Filing for Non-Profit/Tax Exempt Status



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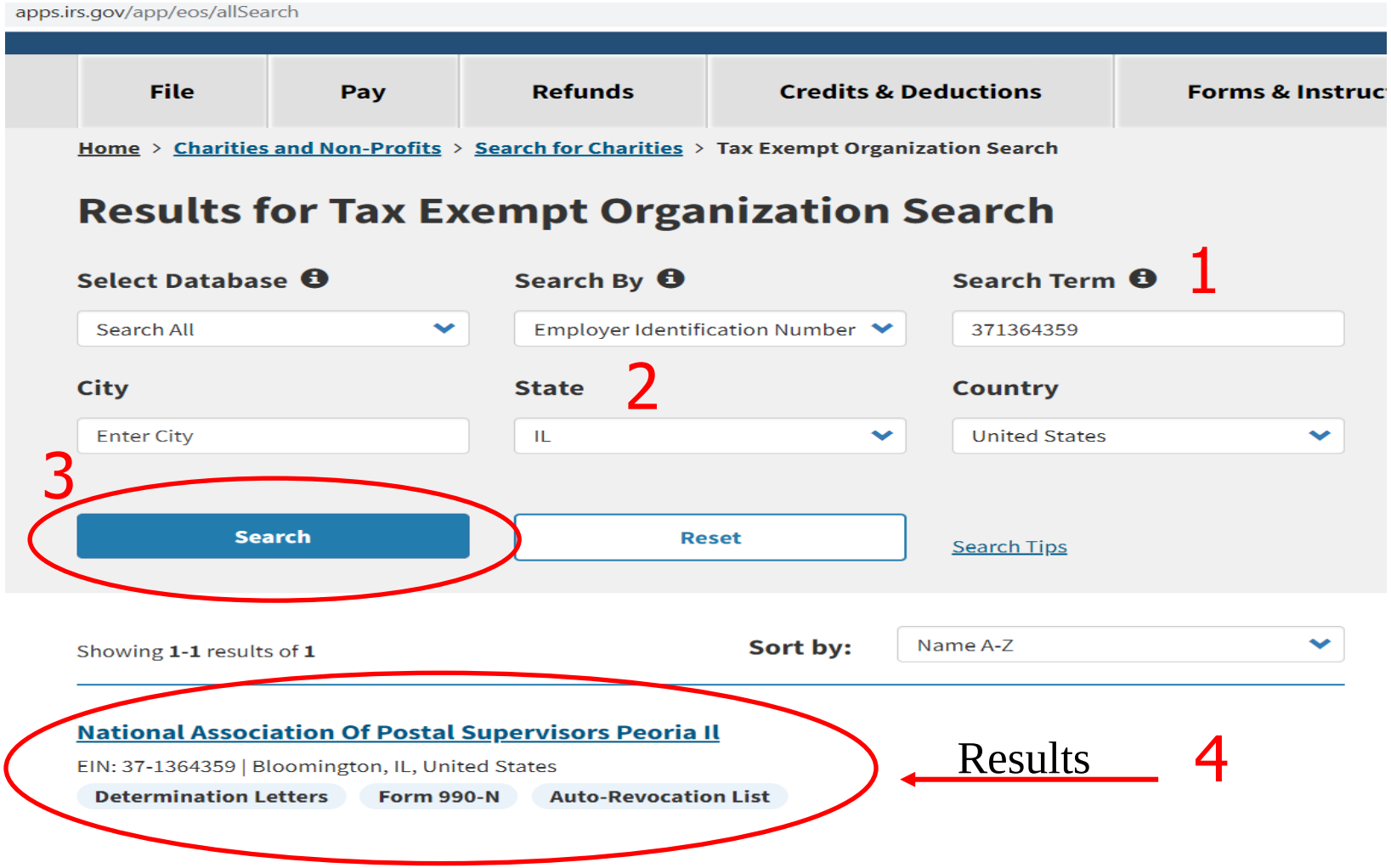
Filing for Non-Profit/Tax Exempt Status



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Filing for Non-Profit/Tax Exempt Status

Don't Panic. Get Started! How?

- Establish Branch Fiscal Year & Accounting Method
- Manage Branch Records
- Do financial audits & reports
- Keep Branch Minutes
- Retain Branch Records
- Establish/update Branch Constitution & Bylaws

* Branch Secretary, Treasurer or Secretary/Treasurer play major role

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Establish a Branch Fiscal Year

- Most NAPS branches maintain their records on a Calendar Year Basis
  - January 1 thru December 31

Note NAPS HQ FY is: June 1 to May 31

- Once FY is selected do not change it
- Most NAPS branches maintain their records on a Cash Method of Accounting
  - Income received & expenses paid

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Accounting Methods

- Organizations may file annual returns on a Calendar Year basis or a Fiscal Year basis
- Organization may maintain their books and records on a Cash Method or an Accrual Method
- Cash Method – record income when received and expenses when paid
- Accrual Method – record income when earned and expenses when incurred

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Managing Branch Records

Maintain the following records on a manual general ledger or a computer accounting Program like Quickbooks:

- Gross Receipts *(NAPS DCO Deposits)*
- Items Purchased for Resale
- Expenses
- Employment Tax Records
- Assets
- Liabilities

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Information Necessary to File for Exemption

- Current 'Year to Date' general ledger or financial report for NAPS Branch

Bank Reconciliation Statement			
Cash Balance as per Bank Statement		$ 23,557.98	$ 23,557.98
Adjustments:			
Add:	Deposit in Transit on January 31	$ 12,125.25	$ 12,125.25
Deduct:	Outstanding Check No.124	$ -62.00	$ -62.00
	Outstanding Check No.125	$ -42.00	$ -24.00
	Outstanding Check No.129	$ -1,250.00	$ -1,250.00
Adjusted Balance		$ 34,329.23	$ 34,347.23
Cash Balance according to Murdstone, Inc.		$ 51,596.88	$ 51,596.88
Adjustments:			
Add:	Note and Interest collected by Bank	$ 15,250.75	$ 15,250.75
Deduct:	Check returned because of insufficient funds	$ -23,475.40	$ -23,475.40
	Bank Service Charge	$ -250.00	$ -25.00
	Error in recording Check No. 123	$ -9,000.00	$ -9,000.00
Adjusted Balance		$ 34,122.23	$ 34,347.23

- Three prior years of general ledger or financial report for NAPS Branch

- Assets – Funds in Banks, Petty Cash, Investments, Fixed Assets (Value of Buildings, Vehicles, Furniture or Equipment, etc)

- Liabilities – Money owed on debts or loans, etc.

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Information Necessary to File for Tax Exemption

- "In Care Of" person for tax matters
- Address for future correspondence of the organization (PO Box not acceptable)
- All NAPS Branch Officers - Name, Address, Phone, Title, Annual Pay, Estimated Hours per week spent on NAPS activities
- Dated copy of the current Constitution and Bylaws of the NAPS Branch

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Information Necessary to File for Tax Exemption

- Dated copy of two previous newsletters of the NAPS Branch (If the branch prints a newsletter)
- Dated copy of the minutes of two previous meetings of the NAPS Branch (If no newsletter is published)
- Date the NAPS branch was formed or started

  (If not known contact NAPS HQ)

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Where to Start? Second

IRS Form 1024 – *Application for Recognition of Exemption Under Section 501* Available on-line

- 18 page Form
- Complete only Pages 1 thru 5 & 9
- NAPS HQ template available
- Mail all 18 pages
- NAPS HQ helpful instructions at www.naps.org

Form 8718 – *User Fee for Exempt Organizations* Available on-line

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

IRS Form 1024

Form **1024**
(Rev. September 1998)
Department of the Treasury
Internal Revenue Service

Application for Recognition of Exemption Under Section 501(a)

OMB No. 1545-0057

If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully. **A User Fee must be attached to this application.**
If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to the organization.
Complete the Procedural Checklist on page 6 of the instructions.

Part I. Identification of Applicant (Must be completed by all applicants; also complete appropriate schedule.)
Submit only the schedule that applies to your organization. Do not submit blank schedules.

Check the appropriate box below to indicate the section under which the organization is applying:

a ☐ Section 501(c)(2)—Title holding corporations (Schedule A, page 7)
b ☐ Section 501(c)(4)—Civic leagues, social welfare organizations (including certain war veterans' organizations), or local associations of employees (Schedule B, page 8)
c ☑ Section 501(c)(5)—Labor, agricultural, or horticultural organizations (Schedule C, page 9)

- 18 page Form
- Complete only Pages 1 thru 5 & 9
- NAPS HQ template available that is 85% completed for branches
- Mail all 18 pages
- NAPS HQ helpful instructions at www.naps.org

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Branch Completes Form 8718

Form 8718 (Rev. November 2021)
Department of the Treasury
Internal Revenue Service

User Fee for Exempt Organization Determination Letter Request

▶ Attach this form to determination letter application.
(Form 8718 is NOT a determination letter application.)
▶ Go to *www.irs.gov/Form8718* for the latest information.

For IRS Use Only

OMB No. 1545-0047
Control number
Amount paid
User fee screener

Name of organization	Employer Identification Number
NAME OF NAPS BRANCH HERE	##########

Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

1 Type of request — **Fee**

a ☑ Application for recognition of exemption under section 501 or under section 521 from organizations (other than pension, profit-sharing, and stock bonus plans described in section 401). Enter the applicable fee amount . . . . . ▶ $ 600.00

b ☐ Group exemption letters . . . . . ▶ $

Section references are to the Internal Revenue Code, unless otherwise noted.

Instructions

The law requires payment of a user fee with each application for a determination letter. For more information, see Rev. Proc. 2021-5, 2021-1 I.R.B. 250, or latest annual update, available on *www.irs.gov*.

Where To File

Send the determination letter application and Form 8718 to:

Internal Revenue Service
TE/GE Stop 31A Team 105
P.O. Box 12192
Covington, KY 41012-0192

Who Should File

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status Where to Start? Third

- Mail IRS Forms 1024 & 8718 & supporting documentation
  - Copy of Branch current Constitution & Bylaws
  - Copy of your Branch Articles of Incorporation *(If applicable)*
  - Copies of Branch Revenue & Expense Statements (Current Fiscal Year & past 3 years. (Matches Page 5/Form 1024)
  - Copy of minutes from 2 recent branch meetings
  - Copy of Branch newsletter *(If applicable)*
- Sign and date forms by an officer of the organization
- Mail Check/Money Order for *User Fee* payable **$600** to:

United States Treasury

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Mail Branch Tax Exempt Documents and IRS Forms to:

IRS

The form you are looking for begins on the next page of this file. Before viewing it, please see the important update information below.

New Mailing Address

The mailing address for certain forms have change since the forms were last published. The new mailing address are shown below.

Mailing Address for Forms **1023, 1024, 1024-A, 1028, 5300, 5307, 5310, 5310-A, 5316, 8717, 8718, 8940:**

Internal Revenue Service
TE/GE Stop 31A Team 105
P.O. Box 12192
Covington, KY 41012–0192

Deliveries by private delivery service (PDS) should be made to:

Internal Revenue Service
7940 Kentucky Drive
TE/GE Stop 31A Team 105
Florence, KY 41042

This update supplements these forms' instructions. Filers should rely on this update for the change described, which will be incorporated into the next revision of the form's instructions.

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

Once approved 501(c)(5) ***Tax-Exempt/Non-Profit***

- File Non-Profit Income Taxes 990, 990E-Z, 990-N at end of Fiscal Year! *(See separated NAPS Presentation on filing branch taxes)*

- Permanently maintain following records:
  - Applications for Tax Exempt Status and Federal Identification Numbers
  - Determination Letter recognizing the Organizations Tax Exemption Status from IRS and State Agencies
  - Organizations Constitution and Bylaws, including amendments or updates

- See NAPS Officers Training Manual (OTM) for Chapter 3 Figure 3-3, *(Page 22)* for list and timeline of branch records to retain

National Association of Postal Supervisors

Filing for Non-Profit/Tax Exempt Status

NAPS HQ recommends each branch contact a tax professional for all complicated non-profit or tax issues related to filing annual branch taxes.

Contact NAPS HQ at napshq@naps.org or at (703) 836-9660

For additional assistance on this topic.

National Association of Postal Supervisors

Thank You!

Questions?