

## HOW TO FILE FOR IRS 501(c)(3) Status REGISTER WITH THE VERMONT SECRETARY OF STATE



**There are three (3) important parts of having a 501(c) (3) status in Vermont.**

1. Applying and securing a federal tax identification number.
2. Applying for and receiving tax exempt status with the IRS, keeping your status active and filing a 990N postcard annually.
3. Registering your club with the Vermont Secretary of State (SOS) as a nonprofit organization.

### **1. Applying and securing with the US IRS for a federal tax identification number**

**Has your garden club filed with the IRS? You know it is important.**

Three primary reasons for being designated as a tax-exempt organization:

- a. The club would be exempt from paying tax on purchases.
  - b. Individuals or companies who make charitable contributions to the club are eligible to claim them as deductions on their federal income taxes.
  - c. You are unable to apply for grants.
- The 501(c)(3) status doesn't automatically happen. You need to apply for it. So, what is it exactly?
  - A 501(c)(3) organization is a corporation, trust, unincorporated association, or other type of organization that is exempt from federal income tax under section 501(c)(3) of Title 26 of the United States Code.
  - According to the IRS website, organizations described in section 501(c)(3) are commonly referred to as charitable organizations. Garden clubs typically qualify.

**However, you may have heard dreadful stories about**

- The amount of time it takes to apply.
- The amount of knowledge you need to fill out the forms.
- How expensive it is.

· Good news - no more! The IRS has streamlined the process. If your annual gross receipts total \$50,000 or less, your garden club can use the new IRS 1023-EZ form to apply. You don't need to be incorporated, and you don't need to pay a tax professional or an attorney to do it for you. It's easy, quick, there is a cost, and you should have your tax-exemption status within two weeks from filing.

**Just follow these instructions:**

Get an EIN (employment identification number, also known as a federal tax identification number).

Go to:

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-onlin>

Click on "apply online now" during regular business hours and follow the instructions.

When you are finished, be sure to print your confirmation notice.

If you have not filed an information return within the last three (3) years (this relates to tax exempt status rather than the EIN), it will go dormant.

EIN does not go dormant.

**2. Applying for and receiving tax exempt status with the IRS, keeping your status active and filing a 990N postcard annually.**

Set up an account and pay the \$275 fee.

Go to [www.pay.gov](http://www.pay.gov) and enter "Form 1023-EZ" in the search box.

The first item will be the "Streamlined Application for Recognition of Exemption under Section 501(c)(3)." That is what you want!

Click on "Continue to the Form." Select "Create an Account" to put in your bank account information or your debit or credit card.

After you create the account, be sure to write down your username and password. Then "Continue to the Form." You may need to sign in again with your username and password.

Form 1023-EZ is quite simple. Check the box to attest that you have completed the worksheet.

In Part 1: Put in your club's name (exactly as shown on your EIN), your EIN number, the month your tax year ends, and contact information. The user

fee submitted is \$275. You will list the names, titles, and mailing addresses of your officers. If the person applying is not an officer, make sure you list his or her contact information as an “Advisor.”

In Part II: Check whether you are a corporation or an unincorporated association. Check the box that indicates you have the necessary organizing document. Add the date you were incorporated or formed, and in what state. Check the box in #5. Check the box in #6. Check the box in #7. If your organizing documents don’t contain this information, be sure and have them revised immediately.

In Part III: Enter the code “C42.” Check “Charitable” and “Educational” in #2. Check the box in #3. Answer “No” to questions 4 through 11.

In Part IV: Check the box under 1b.

In Part V: Leave it blank.

In Part VI: Check the box and type the name of the signer, title, and date.

Submit the form. You can expect to receive your 501(c)(3) status letter by mail. Be patient - could be up to 5-6 weeks.

You will be required to file a 990-N e-postcard annually – this is online, the club will receive a letter from the IRS explaining how to do that (and see item 10 below). Congratulations! You are now a 501(c)(3) club!

The club must furnish an annual electronic notice on Form 990-N (e-Postcard). This is an outline of the procedure:

- Go to the website [irs.gov](https://www.irs.gov)
- Type “e-postcard” in the search box. This will bring up several options.
- Look at option “Information Needed to File e-postcard” to get an idea of what information you will need for the filing.
- Go back to the previous screen and look at option “Annual Electronic Notice (Form 990-N) for Small Organizations”. This will give you instructions to set up an account. Then click on [Form 990-N](#).

- When you are ready click on the button “Submit Form 990-N (e-postcard)”.
- This is the basic information you will need for the filing: EIN of your organization, legal name and mailing address, name and address of a principal officer, website of the organization (if any), and confirmation that gross receipts are \$50,000 or less.
- The filing is due by the 15th day of the 5th month after the end of the fiscal year. For example, it would be due by May 15 if the fiscal year ends on December 31.
- [IRS Form 990-N Electronic Filing System \(e-Postcard\) User Guide](#)
- Note: Failure to file a required return or notice for 3 consecutive years will result in auto-revocation of your tax-exempt status. The revisions are documented in IRS Publications Rev. Proc. 2011-15, 2011-3 I.R.B. 322.

**Applying for reinstatement of exemption:** When a club does not file returns for three consecutive years, the club is automatically revoked for failure to file required annual returns. The club may file for reinstatement using Form 1023-EZ and paying a filing fee.

### **3. Register your club with the Vermont Secretary of State (SOS) as a nonprofit organization.**

The SOS requires nonprofit organizations to submit biennial reports to remain in good standing. A report is submitted every two years.

If compliance is not met, a club is automatically revoked for failure to file the required report. The SOS changes the club status to terminated and then inactive. For a club to return to compliance reporting requirements, a reinstatement form must be submitted. A fee is required to return to active and good standing.

This is an outline of the biennial report procedure:

- Go to the website <https://sos.vermont.gov/corporations>
- Click on button “Reports and Renewals”
- Click on option Biennial Reports
- On the “Annual/Biennial Report Filing” screen in the Biennial Report Filing” section click on “create a user account” if this is the first time.
- After setting up the account click on the button “File Biennial Report” and log in with your userid and password.

- Search for your club by name. The club's full name and business id number should appear. Select the correct entry (if more than one) and select "Continue"
- Enter the name, Officer/Director Role and address for all offices. The name and address of the registered agent needs to be included. Any changes to this section will result in a fee.

This is a non legal binding document - it is a document of good intent.

2023 Federation Garden Clubs of Vermont

Gratitude to Esther Cowles (Granite Center Garden Club), Past Treasurer Pacific Region Garden Club, members of the FGCV Green Mountain Garden Club.

## Federated Garden Clubs of Vermont Inc.

EIN: 03-6008969 | Springfield, Vermont, United States

### Other Names

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FEDERATED GARDEN CLUBS OF VERMONT INC

### Publication 78 Data

Organizations eligible to receive tax-deductible charitable contributions. Users may rely on this list in determining deductibility of their contributions.

**On Publication 78 Data List:** Yes

**Deductibility Code:** GROUP

### Form 990-N (e-Postcard)

Organizations who have filed a 990-N (e-Postcard) annual electronic notice. Most small organizations that receive less than \$50,000 fall into this category.