

ROTARY INTERNATIONAL DISTRICT 5450

FILING 990s - Basics

March, 2021

Every Rotary Club 501(c)(4) and every Rotary Foundation 501(c)(3) is required to file a tax return and mail to the IRS every year. A nonprofit, tax-exempt organization does not exempt an organization from the requirement to file.

What form to file (depends on gross income and assets of your club):

<u>Gross income/Total assets</u>	<u>File Form</u>
Gross income \$50,000 or less	990- N (e- postcard)
Gross income >\$50,000 <\$200,000	990 EZ
Gross income > \$200,000 or \$500,000 total assets	990

WHEN: Due date of return: 15th day of the 5th month after year end
November 15th for club and foundation with a June 30th fiscal year end.

WHERE: If paper filing: Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

EXTENSION: Available automatic six month extension, use Form 8868

WHEN: File on or before the date the original return is due.

WHERE: If paper filing: Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0045

PENALTIES FOR NONFILING:

A penalty of \$20 a day (IRC Section 6652(c)(1)(A)) can be charged if a return is filed late. Exceptions and limitations apply.

LOSS OF TAX EXEMPT STATUS:

If an organization does not file an annual return for 3 consecutive years, its tax exempt status is automatically revoked. The organization which has lost tax-exempt status may need to file tax returns as taxable entity and pay taxes.

Has your club lost its tax exempt status? Go to: www.irs.gov

Then to: *Tax Exempt Organization Search (formerly Select Check)* to check club status.

There is a road to reinstatement of exemption. See your accountant for procedures available for reinstatement.

Note: Once a club has lost its tax exempt status, it must apply for tax exemption on its own. It will no longer be available under the Rotary International Group exemption. See IRS Form 8976.

IRC 501(c)(3) and 501(c)(4)

*Rotary Clubs are tax exempt under IRC Section 501(c)(4), which provides exemption for,
"Social welfare organizations: Civic leagues or organizations not organized
for profit, but operated exclusively for the promotion of social welfare"....*

*Rotary Foundations are tax exempt under IRC Section 501(c)(3) as organizations which must be
organized and operated exclusively for exempt purposes (those which are charitable,
religious, educational, scientific, literary".....). Qualification for IRC Sec. 501(c)(3) status
is specific and can be complex.*

Under the IRS guidelines, both 501(c)(3) and 501(c)(4) entities are tax-exempt non-profit organiza-
tions and do not have to pay taxes on the money donated to the organization, but only the
donations provided to a 501(c)(3) are tax deductible for the donors. Business deduction may be
available for 501(c)(4).

*The above is a very brief summary. Please consult your tax advisor for complete and more extensive
information. Please contact Betsy Alexander (treasurerd5450@aol.com) for available CPAs.*

2020-2022 DISTRICT 5450 DUES:

When: Invoices sent late July and January based on July 1 and January 1 RI Membership
numbers.

Amount: \$25 per member semi-annually. (\$50 annually)

Due Dates: September 30 and March 31.

2021-2022 ROTARY INTERNATIONAL DUES:

When: Invoices sent late July and January based on July 1 and January 1 RI Membership
numbers.

Amount: \$34.50 per member semi-annually, plus \$6 per member semi-annually for Rotarian
Magazine. About \$5 additional per member in July for insurance and Council
on Legislation. (\$86.20 annually)

Due Dates: Due upon receipt. Club charter will be terminated if not paid within 120 days.