

**Rotary Clubs in District 7770 operate under the Rotary International umbrella exemption as an IRS [code section 501 (c)(4)] not for profit business entity.**

**Member dues and assessments are an “ordinary and necessary” business expenses and are an allowable tax deductible expense of corporations, partnerships and sole proprietors.**

Our District and our clubs have a fiscal year end of June 30<sup>th</sup> annually. The IRS requires that each club file an informational return [Form 990 or 990-EZ, or 990N] annually, not later than November 15<sup>th</sup>, unless an extension has been requested (the extended due date is February 15<sup>th</sup>).

### **Federal Filing Requirement**

All clubs must file a federal information tax return (Form 990, 990-EZ, or 990N).

Which form to file?

**[Gross receipts are every dollar that is received by your club and subsequently deposited into your clubs bank account(s)].**

If your club's Gross Receipts are:

#### **990N**

Less than \$50,000 (basically a post card available online), **Caution: if you file for an extension of time to file you will be forced to file a 990EZ. The 990N is only available until 11/15 annually.**

#### **990 EZ**

More than \$50,000 and less than \$500,000

#### **990**

More than \$500,000 files the 990

These forms are **information only** returns [no taxes are calculated], but the IRS will automatically revoke your clubs not for profit status if you fail to file a return for three consecutive years.

**If your Club's not-for-profit status is revoked then you will be required to file a 990 or 990EZ for each of the three years you failed to file a return and they may possibly require you to file the Form 1023 (application for determination of not-for-profit status.)**

If you fail the 990-EZ or 990 the IRS may penalize your club \$100 per day that you will file the return late.

**Only 501(c)(3)** charitable organizations are eligible to receive tax deductible contributions.

If the contribution is greater than \$250.00 the charitable organization must acknowledge the contribution at the time the contribution is made.

Most clubs collect member's contributions for the **RI Foundation** and these donations are sent by your club to the RI Foundation.

**The RI Foundation acknowledges each member's contribution.**

A contribution is not a fee, dues, or assessment of or by members of a club.

### **South Carolina Filing Requirement**

Many of our Club's also have a 501(c)(3) related charitable organization [similar to the Rotary Foundation and Rotary International].

**These filing must be with both the IRS and the SC Secretary of State.**

Only the federal **990-EZ and 990** are acceptable forms for filing with the SC Secretary of State.

**If you file a 990N you must file the SC Secretary of State's Annual Financial Report Form.**

### **CAUTION**

South Carolina only requires a return if you solicit charitable contributions.

**However the SC Secretary of State, may require your filing if you solicit charitable contributions of more than \$5,000 or if you have secured the services of a professional fund raiser.**

## **Other South Carolina Tax Issues:**

The State of South Carolina continues an active campaign to collect all taxes that are due under current existing laws. Many of our clubs have been under the impression that since they are a “not-for-profit” or “charitable organization” that they are exempt from these taxes. **This is not factual.** You are required to file and to pay Sales and Use taxes and Admissions taxes **unless you have received a specific exemption.**

To apply for an exemption you must file **SC form ST-387** with the South Carolina Department of Revenue.

South Carolina actively cross references information returns filed with sales and use tax returns and admission tax returns filed with temporary alcohol consumption permits issued.

**Remember if The South Carolina Department of Revenue assesses any tax due, then they will also make a determination as to when the tax should have been paid and assess both penalties and interest from the due date of the tax in addition to the original tax due.**

**If questions call SCDOR      (803) 898-5864      [www.scdor.org](http://www.scdor.org)**