**VSU Club Sports Banking and Tax Information**

**General Tax Info**

As a Registered Student Organization (RSO) your group is recognized by the University as an independent and separate organization from the University, conducting itself as a nonprofit entity. Generally, student groups are legally independent and autonomous from the University and therefore do not have access to the University's tax-exempt status. The only exception to this rule is for student groups classified as University Campus Life Programs by the University.

**Nonprofit** status may make a group eligible for certain benefits such as sales tax, property, and income tax exemptions. Recognition of Nonprofit status or Tax-exempt status is not granted solely by the taxing authorities. Nonprofit status can be a state law concept. An entity wishing to be recognized as **Tax-Exempt** and claim **Nonprofit** status must go through a federal and state approval and registration process.

To qualify as **Tax-Exempt** from federal taxes, a group must meet requirements set forth in the Internal Revenue Code. For more information see [Types of Tax-Exempt Organizations](http://www.irs.gov/charities/content/0%2C%2Cid%3D96931%2C00.html) or [Publication 557](http://www.irs.gov/publications/p557/index.html) on the IRS Website at [www.irs.gov](http://www.irs.gov/). The IRS also has excellent resource material on the life cycle of a tax-exempt entity on its website that explains the appropriate procedures that a group must take to be tax-exempt and to maintain its exemption.

To incorporate under the Georgia Nonprofit Statutes, RSOs need to contact the Georgia Secretary of State office. To purchase items exempt from sales tax, RSOs must apply for Tax-exempt status with the Georgia Department of Revenue. The application form, ST16, is available at the DOR website. If approved, the RSO will receive an ST17 with a sales tax exemption number.

**Additional information regarding starting a successful nonprofit entity in Georgia is available on the website of the**[**Georgia Council of Nonprofits**](http://www.gcn.org/)**.**

Some groups have **Tax-Exempt status** through a group exemption from their national organization. Your national organization should have a standard form which you may use as the basis for your claim for exemptions. If this applies for your student group, you should contact your national chapter to see if you have **Tax-Exempt** status for the IRS as well as state sales tax exemption for any items purchased.

There are different types of tax exemption, based primarily upon the purposes of the groups, and not all are treated alike. **Some** of the following benefits are offered to **some** of these groups:

1. Exemption from federal and state income taxes.
2. A significantly reduced cost for mailing 200 or more identical pieces of mail at one time.
3. Possible exemption from paying federal unemployment tax on payroll, stipends, wages, etc. All groups are required to withhold Social Security (FICA), Federal and State income taxes, and pay Georgia unemployment tax on wages paid.
4. Donors' gifts to student groups are tax-deductible **under certain conditions**. If you solicit large donations this is important. Generally, your group must be registered as a 501(c) group to benefit. This is an IRS designation for charitable, religious, educational, and scientific organizations.
5. Exemption from Georgia sales tax can be obtained by charitable, religious or educational organizations on purchases for your group’s own use (tables, chairs, office supplies, etc.), but not from sales of tangible personal property, nor admission events.

Because of the complexities of this subject and because regulations are subject to change, not everything can be covered in this manual. It is recommended that you contact the IRS at [www.irs.gov](http://www.irs.gov/) and request [Publication 557, How to Apply for and Retain Exempt Status for Your Organization](http://www.irs.gov/publications/p557/index.html), if you are interested in applying.

**Tax ID Number or Employer Identification Number**

Any student group that will raise money and, therefore, spend money, will need to maintain proper financial accounts for the group. These accounts should not be the same as any one individual’s account and should be set up by applying for a Tax ID or EIN specific to the group. Each taxpayer, or RSO, must have a Federal Taxpayer Identification Number (Tax ID). The organization should file Form SS-4 with the IRS to apply for this number. Any financial accounts created or maintained for the organization should be managed under this number. Before starting a bank account the club must follow the directions for applying for an EIN.

**Apply for an EIN:**

1. Go to the [Online EIN Application](http://www.irs.gov/businesses/small/article/0%2C%2Cid%3D102767%2C00.html)
2. Read instructions and click on "Apply Online Now"
3. Read instructions and click on "Begin Application"
4. Scroll to bottom of list and select on "View Additional Types including Nonprofit/Tax-Exempt Organizations," click "Continue"
5. Choose either "Community or Volunteer Group" or "Social or Savings Club" depending on which best describes your group, click "Continue"
6. Read description to confirm your selection, click "Continue"
7. Fill out the rest of the information
8. Print out and retain a copy of your CP575 Confirmation. Your current and future officers will need this document for tax filing purposes.

If the organization plans to sell tangible property or admissions to entertainment events and related activities, a Georgia business registration number is also required. Sales tax will need to be collected on the sales and remitted to the state using the Georgia registration number.

**Payment for Services Performed by Individuals**

Student groups may pay members for services performed, as long as the amount is reasonable and is authorized by the group's constitution and by-laws. We recommend that authorization be in writing in meeting minutes and that the group draw up a contract.

All amounts paid as salaries, wages, stipends, remuneration, or whatever name is given, are taxable by the IRS and by Georgia. All groups with payroll must withhold from individual pay for FICA (Social Security), federal income tax, and Georgia income tax. Additionally, you must pay for Employers FICA, Georgia unemployment tax, and workers compensation. For those who are not official IRC 501(c) organizations, federal unemployment tax must be paid.

Groups paying independent contractors for services, who are not employees subject to withholding, have a special requirement. Each individual paid $600 or more in a calendar year must be sent a Form 1099-MISC (showing how much was paid) by the following January 31. **This applies to stipends for officers of student groups**. A copy of this, accompanied by a Form 1096, goes to the IRS by the end of February. Georgia has a similar requirement. Send a copy of Form 1099 to the Georgia Department of Revenue.

**Filing Taxes**

As a Registered Student Organization (RSO), you may be required to file taxes with the Internal Revenue Service on an annual basis.

**Filing Taxes as a 501(c) or Nonprofit Organization**. In accordance with the federal government and policies of the Internal Revenue Service:

1. Funds received from Student Services Fees, Student Activities Grants, Coca-Cola Grants and student group sales and/or fundraising are considered income for student groups.
2. Thus all student groups who receive income from the sources listed above shall file the appropriate tax forms with the IRS on an annual basis.

**Registered Student Organizations whose gross receipts (income) are (1) normally less than or equal to $25,000 annually, and (2) have no paid employees would file**[**IRS Tax Form 990-N**](http://www.irs.gov/charities/article/0%2C%2Cid%3D169250%2C00.html)**.** The Form 990-N is due by the 15th day of the fifth month after the close of your tax period. For example, if your organization’s tax period ends on December 31, 2009, the Form 990-N is due May 15, 2010.

An organization is required to provide the following information on Form 990-N.

1. the organization’s name,
2. any other names the organization uses,
3. the organization’s address,
4. the organization’s website address (if applicable),
5. the organization’s taxpayer identification number (TIN),
6. name and address of a principal officer of the organization,
7. the organization’s annual tax period, and
8. a statement that the organization’s annual gross receipts are still normally $25,000 or less.

*In order to complete the electronic Form 990-N, an official officer of the student group must call the IRS to have the student group set up for the post card filing process. The IRS number to call is (877) 829-5500. Please see the*[*IRS FAQ*](http://www.irs.gov/charities/article/0%2C%2Cid%3D180866%2C00.html)*or [ePostcard FAQ](http://epostcard.form990.org/frmTSFAQDisplay.asp?FAQID=101) for more information.*

Registered Student Organizations whose gross receipts (income) are (1) normally more than $25,000 and less than $ 1 million annually, (2) whose total assets are less than $2.5 million, and (3) have paid employees would file [IRS Tax Form 990-EZ](http://www.irs.gov/pub/irs-pdf/f990ez.pdf) or [IRS Tax Form 990](http://www.irs.gov/pub/irs-pdf/f990.pdf). When a student group has employees they should be providing the employees with a [1099 or W-2](http://www.irs.gov/efile/article/0%2C%2Cid%3D98114%2C00.html) and they must complete the 990-EZ or the 990. If your student group is a documented 501(c)3, you may also need to complete schedules 990A and/or 990B.

You can access the forms and the instruction booklet online at the IRS website at [http://www.irs.gov/charities/index.html?navmenu=menu1](http://www.irs.gov/efile/article/0%2C%2Cid%3D98114%2C00.html) or [http://www.irs.gov/pub/irs-pdf/i990.pdf](http://www.irs.gov/efile/article/0%2C%2Cid%3D98114%2C00.html)