



CHAPTER TAX INFORMATION FREQUENTLY ASKED QUESTIONS (FAQ)

The following FAQ regarding tax status and tax information is for informational purposes only and should not be substituted for professional advice. APhA recommends that chapters seek advice from a tax professional or the business office at their respective school or college of pharmacy.

BACKGROUND INFORMATION

The American Pharmacists Association (APhA), founded in 1852 as the American Pharmaceutical Association, represents more than 62,000 practicing pharmacists, pharmaceutical scientists, student pharmacists, pharmacy technicians, and others interested in advancing the profession. APhA is a 501(c)(6), not-for-profit organization, and is exempt from federal income tax on its exempt activities, but not exempt from state sales tax. The 501(c)(6) designation is specifically reserved to trade boards, professional associations, and other types of business leagues that are characterized by a common business interest, which the organization typically promotes. Donations to a 501(c)(6) are not tax deductible, as is the case with charitable contributions to 501(c)(3) organizations such as the APhA Foundation.

Within APhA's organizational structure, the APhA Academy of Student Pharmacists (APhA-ASP) has an affiliation with chapters at the schools and colleges of pharmacy in the United States and Puerto Rico. Included within APhA's chapter affiliation agreement, the Association authorizes each chapter to conduct business according to Association, school or college of pharmacy, and specific chapter bylaws and procedures. For tax purposes, the Internal Revenue Service (IRS) views each APhA-ASP Chapter as a subordinate unit under APhA's Group Exemption Number (1335). This means that chapters are granted federal tax exemption on tax exempt activities as part of this relationship. However, as with APhA, chapters are not exempt from state sales tax.

Just as APhA has its own tax identification number (53-0026265), each subordinate unit under the APhA group exemption has its own tax identification number and each chapter has its own tax-exempt status on file with the IRS.

All APhA-ASP Chapters must meet the tax filing requirements of the IRS by filing their tax returns on their own, filing their returns under their school or college of pharmacy, or filing their returns with their university. Every school and college of pharmacy is different. Therefore, chapter advisors and chapter treasurers should check with the university, school or college of pharmacy, or business office to inquire how taxes need to be filed annually.

CHAPTER TAX FREQUENTLY ASKED QUESTIONS

List of Chapter Tax FAQs

1. Does my chapter have to file taxes?
2. What is the process for filing taxes?
3. When is my chapter's tax return due?
4. What should I report for our chapter's membership revenue related to state and national dues?
5. Where do I find my chapter's net assets or fund balances at the beginning of year?
6. How do I accurately list contributions, gifts, or grants that my chapter received?
7. Does APhA pay taxes for, or receive a refund from chapter tax returns as the parent organization?
8. What is an Employer Identification Number (EIN)? Does my chapter need to have one?
9. What happens if my chapter does not file a tax return with the IRS?
10. Where can I find contact information for the IRS?

CHAPTER TAX FAQs

1. Does my chapter have to file taxes?

The simple answer is yes. All APhA-ASP Chapters must file a tax return every year. The method by which your Chapter files taxes however may be different. There are two different options based upon the rules and regulations of your university, school, or college of pharmacy:

Option 1: Chapter files taxes with their university, school, or college of pharmacy

Some APhA-ASP Chapters are required by their university, school, or college of pharmacy to file annual tax information directly with the university, school, or college of pharmacy's annual tax return. These chapters do not have their own tax identification number and work directly with the business office at their school to file taxes. *Most of the information pertaining to IRS Forms and tax identification numbers in the remainder of this FAQ does not apply to these chapters.*

Option 2: Chapter files taxes directly with the IRS under APhA's Group Exemption

For some APhA-ASP Chapters, the university, school, or college of pharmacy requires that the chapter obtains their own tax identification number and file annual tax returns under APhA's Group Exemption. These chapters have their own tax identification number and work directly with the IRS to file annual taxes. *A large majority of the information related to IRS Forms, method of file, and how to list assets in the remainder of this FAQ applies to these chapters.*

The type of tax form that must be filed with the IRS is dependent on revenue. APhA-ASP Chapters are recognized by the IRS as a subordinate unit under APhA's group exemption number 1335. As the parent organization, part of APhA's responsibility is to notify chapters of their obligation to file tax return information with the IRS. For tax years beginning on or after January 1, 2010, most tax-exempt organizations whose gross annual receipts are normally \$50,000.00 or less can file the e-Postcard. The threshold was previously set at \$25,000.00 or less.

2. What is the process for filing taxes?

To file taxes, please complete and submit the appropriate 990 Form to the IRS:

- [990-N e-Postcard](#) (for chapters with revenue less than or equal to \$50,000.00); or
- [990 or 990-EZ Form](#) (for chapters with revenue more than \$50,000.00).

The process for completing a 990N e-Postcard requires a user to log into the IRS website to complete the electronic filing process. If you do not have a log-in, or forgot your password you can set up an online account or reset a password [here](#).

Completing the e-Postcard requires the eight items listed below:

- Your chapter's [Employer identification number](#) (EIN), also known as a Taxpayer Identification Number (TIN)
- [Tax year](#)
- Legal name and mailing address
- Any other names the organization uses
- Name and address of a principal officer (this will be your information, or a co-advisor if you have one)
- Web site address if the organization has one
- Confirmation that the organization's annual [gross receipts](#) are \$50,000 or less
- If applicable, a statement that the organization has terminated or is terminating (going out of business)

3. When is my chapter's tax return due?

Per the IRS, the 990-N E-Postcard, the 990-EZ Form and the 990 Form are all due every year by the 15th day of the 5th month after the close of your tax year. For example, if your tax year ended on December 31, your tax return is due on May 15th of the following year. You cannot file your tax return until after your tax year ends. If your chapter files with your university, school, or college of pharmacy, please check to see when your tax year ends. **APhA's tax year ends on December 31st each year, therefore the Associations filing date is May 15th.**

4. What should I report for our chapter's membership revenue related to state and national dues?

You should report only "Chapter Dues" collected. Do not report "National Dues" or "State Dues" as part of your tax return, as this is revenue that is passed through to the state and national organizations.

5. Where do I find my chapter's net assets or fund balances at the beginning of year?

An easy way to identify your chapter's net assets or fund balances at the beginning of the year is to check the amount listed on the previous year's tax return. That way, you are starting at the same point that you had left off with during the previous year.

6. How do I accurately list contributions, gifts, or grants that my chapter received?

If an individual contribution, gift, or grant is over \$5,000.00, or if an individual contribution equals 2% of the total revenue from the line item "contributions, gifts, grants and similar amounts" (listed in the IRS Form), then a separate form needs to be completed. A "Schedule B" form should be

completed and attached only with 990-EZ and the 990 forms (this does not apply to the 990-N E-Postcard). Here is a link to the Schedule B Form: <http://www.irs.gov/pub/irs-pdf/f990ezb.pdf>.

7. Does APhA pay taxes for, or receive a refund from chapter tax returns as the parent organization?

No. APhA does not pay taxes for chapters, nor does APhA receive a refund. The reported expenses, cash receipts, disbursements, and revenues listed on your tax form are exempt; therefore, no taxes would be due to the IRS. APhA only pays tax on our advertising and other items that are not exempt. The IRS requires this for information purposes only. The IRS then reviews this information to make sure that the Association and the APhA-ASP Chapters are operating under the appropriate tax guidelines.

8. What is an Employer Identification Number (EIN)? Does my chapter need to have one?

The IRS and Social Security Administration issue federal tax identification numbers to businesses (Employer Identification Number - EIN) and individuals (Social Security Number - SSN) for the administration of federal tax laws. An EIN is used to by the IRS to identify a business entity on tax returns, statements, and other tax-related documentation.

As a rule, if your chapter has a separate bank account or operates as an independent financial entity from your university, school or college of pharmacy, or other organization, then your chapter would need to have its own EIN. If your chapter does not have an EIN, such as a newly chartered chapter, information on how to apply for an EIN can be found below. APhA keeps a record of all Chapter EINs and requests your Chapter's EIN be sent to the Association immediately upon receipt from the IRS. It is important to note that all APhA-ASP Chapters that file tax returns need to have an EIN. *You need to contact your university or school or college of pharmacy business office to determine how your chapter will file tax returns.*

When applying for an EIN, the IRS requests a name and SSN for the following: name of principal officer, general partner, grantor, owner, or trustor. While this is not required, it may be in the best interest of the chapter to have the Chapter Advisor's name and SSN on record. Chapter Advisors tend to remain with the chapter longer than students holding executive committee positions; therefore, to avoid having to contact the IRS each year to update the name and SSN of the person associated with the EIN, it would be easier to have the Chapter Advisor complete this form. APhA recommends that the name, SSN, and contact information associated with the EIN be updated on a regular basis.

- Application for EIN: <https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/How-to-Apply-for-an-EIN>
- Understanding your EIN: <http://www.irs.gov/pub/irs-pdf/p1635.pdf>

9. What happens if my chapter does not file a tax return with the IRS?

Most tax-exempt organizations, other than churches, must file a yearly return or notice with the IRS. If a chapter organization does not file as required for *3 consecutive years*, the law provides that it automatically loses its tax-exempt status. This would not only put the chapter's tax-exempt status in jeopardy, but also APhA's tax status would be in jeopardy, if your chapter files under APhA's

exemption. Loss of exempt status means an organization must file income tax returns and pay income tax. *The chapter is also responsible for fees and/or fines imposed by the IRS.*

10. Where can I find contact information for the IRS?

- IRS Help Desk: 801-620-6019. Since the tax department is extremely busy, a person will not always answer the line. Therefore, you will need to leave a message. A representative will call back with the answer(s) to the chapter's tax question within five (5) business days.
- IRS Web site: www.irs.gov
- APhA Student Development Staff Contact: Keith Marciniak
202-429-7595
kmarciniak@aphanet.org