

US TAX MATTERS AND FILING REQUIREMENTS

(Taken from Zonta Club Manual March 2014)

Note: This information is only important for clubs in the US. Please read carefully.

ZONTA INTERNATIONAL – TAX STATUS

Zonta International is a non-profit organization under Sec 501(c)(4) of the Internal Revenue Service Code. As such, Zonta International is exempt from Federal and State of Illinois Income Tax.

Zonta International is an association of clubs and for tax law purposes is not a charitable organization and is hence not exempt from the State of Illinois Sales Tax and Use Tax on purchases made to carry out its activities. Contributions to Zonta International are not tax exempt to the donor.

ZONTA INTERNATIONAL FOUNDATION – TAX STATUS

Zonta International Foundation is a charitable non-profit organization under Sec 501(c) (3) of the Internal Revenue Service Code. As such, Zonta International Foundation is exempt from Federal and State Income Tax and from the State of Illinois Sales and Use Tax.

The exemption for sales tax applies on purchases directly made by the Zonta International Foundation to carry on its charitable programs and activities and all fundraising activities.

ZONTA CLUBS IN THE US – TAX STATUS

Zonta clubs have the same federal income tax status as Zonta International, i.e., non-profit tax exempt organization with 501(c)4 status under Zonta International's group exemption (Number: 1219). Note: clubs are not considered charitable 501(c)(3) organizations.

IMPLICATIONS FOR CLUBS IN THE US

☒ In order to be recognized by the Internal Revenue Service as a part of Zonta International's group exemption, each club must have an employer identification number.

To obtain this identification number, complete IRS Form SS-4, Application for Employer Identification Number (EIN), and submit it to the IRS. Upon notification of your identification number from the IRS, notify ZI Headquarters of this identification number.

Each club must also submit its authorization to ZI Headquarters to be included in the group exemption.

☒ Clubs in the United States with gross revenue from all sources totaling more than US\$25,000 must file an IRS 990 annually by 15 October. Zonta International files a group return for clubs with US\$25,000 or more in revenue that request to be included in this return and submit financial statements by 31 August. Clubs may choose to file as part of the group return or file a separate return on their own. Clubs in the United States with gross revenues of \$25,000 or less are required to file a 990-N (e-postcard) electronically with the IRS. Each club is responsible for determining and following its own state or county's filing requirements.

☒ Zonta clubs in Illinois or in any state are not authorized to use the Zonta International Foundation Illinois sales tax exemption number, even when engaged in fundraising activities that may benefit the Foundation. The use of this number is limited to the Foundation. The Foundation cannot monitor its use by others, and unintentional misuse

could jeopardize the Foundation's tax status at the state and possibly federal levels.

☒ Zonta clubs are not automatically exempt from sales tax even when raising money for charitable purposes. You must follow your state regulations.

☒ If your club has established a charitable 501(c)(3) fund/club foundation, donations to that entity - either for your local projects or for ZIF - are tax deductible. You must provide written receipts for contributions of \$250 or more. You must deduct the value of any services or products provided in exchange for the donation. For example, a benefit dinner ticket costs \$100/person. The actual cost of the dinner is \$65. The ticket should state \$35 is tax deductible as a charitable contribution. A donor buys 8 tickets for a cost of \$800; \$280 is tax deductible. The 501(c)(3) entity should issue a receipt for \$800, stating that the tax-deductible portion is \$280.

☒ If your club does not have a charitable 501(c)(3) fund/club foundation and funds raised do not go directly to a 501(c)(3) organization, a notice should accompany all solicitations and fundraiser event tickets to read as follows:

“Payments for participation in this fundraising event are not deductible as charitable contributions for United States Federal Income Tax purposes.”

☒ Any donation from an individual directly to Zonta International Foundation may be tax deductible. The Foundation can provide receipts only to clubs, organizations or individual donors who make their payments directly to the Foundation.