

MEMORANDUM

TO: All State and Local Councils, Assemblies, and Chapters in the United States

FROM : John Marrella, Supreme Advocate

DATE : March 2014

SUBJECT: 2013 Federal Tax Returns

All Knights of Columbus subordinate units in the United States must file an annual informational tax return (IRS Form 990) with the Internal Revenue Service (IRS). This memorandum provides general guidance to help councils comply with their federal tax reporting requirements for 2013. Although the Knights of Columbus Legal Department is able to provide general guidance, we recommend that councils, assemblies, and chapters that have more complicated tax returns consult with a professional tax adviser.

I. General Information

The Knights of Columbus is a fraternal benefit society, recognized by the IRS as a tax-exempt organization under Section 501(c)(8) of the Internal Revenue Code (IRC). In addition, pursuant to a group exemption, the IRS recognizes all councils¹ in the United States as “fraternal lodges.” Each council may also claim an exemption from federal income tax under Section 501(c)(8), *provided that* the Financial Secretary has reported the council’s Employer Identification Number (EIN) to the Knights of Columbus Legal Department, which in turn will report it to the IRS as part of the Knights of Columbus group exemption listing.

In order to be recognized under the Order’s group exemption, a council must first obtain its own EIN from the IRS by submitting a Form SS-4 to the IRS. Attachment 1 to this memorandum includes: (1) a sample Form SS-4 for you to use as a guide; and (2) a blank copy for you to fill out and submit to the IRS. Once a council has received its EIN, it must submit to the Knights of Columbus Legal Department a copy of the letter from the IRS assigning it an EIN. In addition to the letter from the IRS, the council must also submit to the Legal Department an

¹ For the purposes of this document, the term "council" refers to all subordinate units of the Knights of Columbus, including state and local councils, assemblies, and chapters.

authorization letter (see Attachment 2), requesting that it be included in the Supreme Council's group exemption.

Attachment 3 to this memorandum includes: (1) a letter issued by the IRS to the Supreme Council in 1940, recognizing the federal income tax exemption for the Supreme Council and its subordinate units (the "group exemption"); and (2) a letter issued by the IRS to the Supreme Council in 1998, confirming this exemption.

Councils should file their returns *directly with the IRS* and should not submit originals or copies to the Knights of Columbus Legal Department. If a council fails to comply with the annual filing requirement, the IRS may impose monetary and other penalties, including revocation of the council's tax exempt status.

The Order's group exemption does not exempt councils from state and local taxes. For example, councils may be subject to state or local sales taxes, unless state or local laws specifically exempt these entities. Typically, states grant sales tax exemptions only to organizations that are recognized as charitable entities under Section 501(c)(3) of the IRC; as a fraternal benefit society under Section 501(c)(8), the Knights of Columbus would not be entitled to this exemption. Each council should consult its own tax adviser, accountant, or attorney to determine whether it is exempt from state and local taxes.

Finally, the Knights of Columbus group exemption recognized by the IRS does not extend to home corporations or home associations, which are independent legal entities.

II. Who Must File

Every council, assembly, and chapter in the United States must file an annual return with the IRS. The type of return that is required to be filed will ordinarily depend on the amount of gross receipts generated by the council. Councils with annual gross receipts of \$50,000 or less must electronically file a Form 990-N with the IRS. Most councils will file the Form 990-N. (See Attachment 4, section entitled "Annual Electronic Filing Requirement for Knights of Columbus Subordinate Councils").

The Form 990-N (e-postcard) can be filed online by clicking this link <http://nccs.urban.org/> then clicking "FILE YOUR E-POSTCARD."

Councils with annual gross receipts of \$50,001 to \$199,999 should use Form 990-EZ. Councils with annual gross receipts equal to or greater than \$200,000 (or total assets of \$500,000 or more) should use Form 990. Councils that earned \$1,000 or more in gross income from an unrelated business must also file Form 990-T (Exempt Organization Business Income) to compute and pay the tax due.

Councils that are required to file a Form 990 or Form 990-EZ² should send the completed return to:

Internal Revenue Service Center
Ogden, UT 84201-0027.

Each council must file its own tax return; there is no group or consolidated Form 990 filing. The returns are due to be filed by the fifteenth day of the fifth month following the end of the council's annual accounting period.³ Federal law imposes a penalty of \$20 per day, up to a maximum of \$10,000, for incomplete or late filings, unless reasonable cause can be shown.

III. Maintaining Tax Files

Each council should, at a minimum, maintain a tax file that includes copies of the following:

- The council's by-laws and all amendments;
- The council's minutes for the last four years;
- IRS group exemption letters dated October 25, 1940 and October 15, 1998 (See Attachment 3);
- Forms 990, Forms 990-EZ, or Forms 990-N filed for the last 10 years;
- The following forms filed by the council in the last 10 years: Summary Form 1096 and Information Return for Income Payments (Form 1099), if any; Summary Form W-3 and Income Tax Withheld on Wages (Forms W-2), if any;
- The council's application (Form SS-4) and approval letter from the IRS assigning its Employer Identification Number;
- Tax returns for the last five years filed under the Federal Insurance Contribution Act and the Federal Unemployment Tax Act, if any;
- Any prior revenue agent examination reports; and

² If your council is required to file a return, but did not automatically receive the appropriate tax forms and instructions from the IRS, you may obtain them from the IRS, by calling the IRS forms number (1-800-829-3676), or by downloading forms from the IRS website at www.irs.gov. Requests for an extension to file (Form 8868) should be sent to the Ogden Service Center at the above address.

³ For example, if a council's accounting period ends on December 31, it must file by the following May 15; if its accounting period ends on June 30, it must file by November 15.

- Forms 990 and 990-EZ worksheets for those years, if any, in which gross receipts were less than the \$50,000 threshold amount.

Faithful Comptrollers and Financial Secretaries should maintain, at the organization's principal place of business, a file that includes the above-mentioned group exemption letters, and Forms 990 and/or Forms 990-EZ filed in the previous three years. Under federal law, this file must be open to public inspection during regular business hours, and copies of the filings must be provided to anyone who requests them, at the cost to the requester.⁴

IV. Home Corporations

A. Defined

State law allows council members to establish home corporations as non-stock, non-profit corporations that may qualify as tax-exempt organizations under IRC Section 501(c)(2) (title holding company) or Section 501(c)(7) (social club). To qualify as a title-holding company under Section 501(c)(2), the home corporation's income must be earned solely from the rental of the real estate, or other passive sources. If a home corporation receives income from business sources, such as from the operation of a bar, or from gaming, then it must operate as a social club under Section 501(c)(7). Liquor licenses must be held in the name of the home corporation and not the council. Membership in the home corporation should be restricted to those council members in good standing; when a man's membership in the Knights of Columbus is terminated, his home corporation membership should terminate as well. Home corporations should maintain their own property/casualty and excess liability insurance coverage, as they are not covered by policies paid for by the Knights of Columbus or its subordinate units. The officers of a home corporation should consult with an attorney to ensure compliance with all federal, state, and local laws.

Funds contributed to a home corporation are not recognized by the IRS as charitable contributions and may not be deducted by the donor. Furthermore, the raising of such funds by the council is not considered a charitable activity (see Revenue Ruling 56-329). Each home corporation should maintain its own records and bank accounts.

B. Home Corporations Required to File Tax Returns

Home corporations are required to file federal tax returns. Home corporations *are not* subordinate units of the Knights of Columbus and *are not* tax-exempt under the Order's group exemption. Each home corporation must obtain its own EIN, which is distinct from that of the

⁴ Failure to comply with this requirement is punishable under Section 6652 of the IRC, by a fine of \$20 per day of non-compliance, up to a maximum of \$10,000. In addition, a \$5,000 penalty may be assessed against any person who willfully fails to provide access to these returns.

council whose members formed the home corporation. To the extent that a home corporation is organized as a non-profit entity, it may apply to the IRS for tax exempt status under Section 501(c)(2) or Section 501(c)(7) of the Internal Revenue Code (IRC).

Home corporations may be subject to property tax and sales tax, unless specifically exempted by statute.

V. Pass-Through Charitable Fundraising

Donations to Knights of Columbus councils for fraternal or social purposes are never deductible and most donations for charitable purposes are not deductible. However, the Internal Revenue Service permits a narrow exception to this general rule, which is codified at IRC Section 170(c)(4). Pursuant to Section 170(c)(4), a council may collect multiple individual donations, deposit them into a dedicated bank account, and then send a check for the cumulative amount to a charitable entity that is recognized by the IRS under Section 501(c)(3). This is known as “pass-through charitable fundraising.”

Donations made in this manner may be tax-deductible by the individual donors as charitable contributions under certain conditions and restrictions, including the following:

- The council collects the donations and deposits them in a separate bank account, ensuring that the funds are totally segregated from any and all other funds of the council or assembly; this account may be designated as “[Council/Assembly] [No. xxxx] Charity Account.”
- The council remits the accumulated donations directly to an entity that is recognized as a charity under Section 501(c)(3).
- The funds are not used in any manner for any social or fraternal purposes, including payment of expenses incurred in hosting the fundraising event.
- Only individual taxpayers, not non-person taxpayers (such as corporations or partnerships), are eligible to claim a tax deduction.

Councils may not issue receipts to donors who have made monetary contributions for the benefit of the charitable entity. Rather, the council should provide the charitable entity that receives the donations with a list of all donors’ names and addresses, along with the amount of their respective donations; the charitable entity may then issue receipts and letters of acknowledgment, which the donors may retain for tax purposes. We strongly advise councils and assemblies to retain the services of a qualified accountant to ensure compliance with Section 170(c)(4).

If any Knights of Columbus council utilizes the pass-through charitable fundraising mechanism of Section 170(c)(4) and has annual gross receipts of more than \$50,000, excluding the pass-through receipts, it must report total pass-through contributions to the IRS on Schedule B, which is filed with its return (Forms 990 or 990-EZ). Individual contributions totaling \$1,000 or more must also be reported on Schedule B. *Councils may not issue tax receipts to donors;* instead, the council should arrange for the charitable entity that receives the funds to provide donors with a written acknowledgement of their contribution (See IRS Publication 1771).

If a council has annual gross receipts of \$50,000 or less, excluding pass-through receipts, it is required only to file Form 990-N, as set forth in Section II, above, unless its year-end assets are \$500,000 or more. If the council or assembly has year-end assets of \$500,000 or more, then it must file a Form 990 or 990-EZ.

VI. Licensed Gaming

Many states allow non-profit, tax-exempt organizations, including fraternal benefit societies, to engage in charitable gaming activities in order to raise funds for charitable organizations and activities. Such charitable gaming may include instant tickets, lotteries, pull tabs, raffles and other gaming activities. The exempt organization conducting gaming must include gaming proceeds in its gross receipts on its annual Form 990. Councils that conduct gaming activities must do so in full compliance with all applicable local, state, and federal laws. The responsibility for such compliance rests with the officers of the council.⁵

The proceeds from certain bingo games may be exempt from the tax on unrelated business income if the games meet the requirements of IRC Section 513(f) and may be excluded from the wagering tax under IRC Section 4401. Income from the sale of "instant bingo" tickets or "bingo" pull-tabs does not qualify for the bingo exclusion. For further clarification of this issue, you should consult a professional tax adviser.

Councils engaged in charitable gaming activities should review, in consultation with their tax adviser, all relevant IRS forms and publications. Such forms and publications may be obtained from the IRS as indicated in footnote 3 above. Please note that gross receipts from gaming activities must be included under the EIN of the council actually conducting the activities.

⁵ IRS Publication 3079 covers tax exempt organizations and gaming and informs organizations of their potential liability for income, employment, and excise taxes. Depending upon the type of gaming activity, an organization may be required to file a monthly tax return (Form 730) and pay excise tax on its gross receipts. The organization may also have to include the net receipts in filing requirements for Form 990-T and possibly pay tax on unrelated taxable income resulting from the activity. There also may be other filing requirements concerning reporting income and withholding tax on winnings (Form W-2G), employment tax filings for employees, and excise taxes or occupational taxes (Form 11C) concerning the gaming.

VII. Conclusion

In sum, although the Knights of Columbus is a tax-exempt organization, all subordinate units have a legal obligation to file annual returns with the IRS. In fulfilling this obligation, we strongly suggest that you consult with an accountant or tax attorney. If you have questions relating to your council's tax reporting obligations, please contact the Knights of Columbus Legal Department by email at tax.ein@kofc.org.

Form SS-4 (Rev. January 2010) Department of the Treasury Internal Revenue Service

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

OMB No. 1545-0003

EIN

See separate instructions for each line. Keep a copy for your records.

1 Legal name of entity... 2 Trade name of business... 3 Executor, administrator, trustee... 4a Mailing address... 4b City, state, and ZIP code... 5a Street address... 5b City, state, and ZIP code... 6 County and state where principal business is located

7a Name of responsible party... 7b SSN, ITIN, or EIN

8a Is this application for a limited liability company (LLC) (or a foreign equivalent)?... 8b If 8a is "Yes," enter the number of LLC members

8c If 8a is "Yes," was the LLC organized in the United States?

9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check. Sole proprietor, Partnership, Corporation, Personal service corporation, Church or church-controlled organization, Other nonprofit organization, Estate, Plan administrator, Trust, National Guard, Farmers' cooperative, REMIC, State/local government, Federal government/military, Indian tribal governments/enterprises

9b If a corporation, name the state or foreign country (if applicable) where incorporated. State: N/A, Foreign country: N/A

10 Reason for applying (check only one box). Started new business, Purchased going business, Hired employees, Compliance with IRS withholding regulations, Other (specify) Newly Chartered 501(c)(8) subordinate

11 Date business started or acquired (month, day, year). See instructions. COUNCIL OR ASSEMBLY INSTITUTION DATE

12 Closing month of accounting year: Dec31 or June30. 13 Highest number of employees expected in the next 12 months (enter -0- if none). Agricultural: N/A, Household: N/A, Other: N/A

14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here.

15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year). N/A

16 Check one box that best describes the principal activity of your business. Construction, Rental & leasing, Transportation & warehousing, Accommodation & food service, Wholesale-other, Retail, Real estate, Manufacturing, Finance & insurance, Other (specify) FRATERNAL BENEFIT SOCIETY

17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided. N/A

18 Has the applicant entity shown on line 1 ever applied for and received an EIN? Yes No

Third Party Designee: Designee's name, Address and ZIP code, Designee's telephone number, Designee's tax number

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete. Name and title (type or print clearly) (print FS or FC name)

Signature, Date, Applicant's telephone number, Applicant's fax number

Form **SS-4**
(Rev. January 2010)
Department of the Treasury
Internal Revenue Service

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

OMB No. 1545-0003

EIN

▶ See separate instructions for each line. ▶ Keep a copy for your records.

Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested	
	2 Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name
	4a Mailing address (room, apt., suite no. and street, or P.O. box)	5a Street address (if different) (Do not enter a P.O. box.)
	4b City, state, and ZIP code (if foreign, see instructions)	5b City, state, and ZIP code (if foreign, see instructions)
	6 County and state where principal business is located	
	7a Name of responsible party	7b SSN, ITIN, or EIN
8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input type="checkbox"/> No		8b If 8a is "Yes," enter the number of LLC members ▶
8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No		
9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.		
<input type="checkbox"/> Sole proprietor (SSN) _____ <input type="checkbox"/> Estate (SSN of decedent) _____ <input type="checkbox"/> Partnership <input type="checkbox"/> Plan administrator (TIN) _____ <input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____ <input type="checkbox"/> Trust (TIN of grantor) _____ <input type="checkbox"/> Personal service corporation <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Church or church-controlled organization <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> Other nonprofit organization (specify) ▶ _____ <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises <input type="checkbox"/> Other (specify) ▶ _____ Group Exemption Number (GEN) if any ▶ _____		
9b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country
10 Reason for applying (check only one box)		
<input type="checkbox"/> Started new business (specify type) ▶ _____ <input type="checkbox"/> Banking purpose (specify purpose) ▶ _____ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Changed type of organization (specify new type) ▶ _____ <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Purchased going business <input type="checkbox"/> Other (specify) ▶ _____ <input type="checkbox"/> Created a trust (specify type) ▶ _____ <input type="checkbox"/> Created a pension plan (specify type) ▶ _____		
11 Date business started or acquired (month, day, year). See instructions.		12 Closing month of accounting year
13 Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.		14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>
Agricultural	Household	
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶		
16 Check one box that best describes the principal activity of your business.		
<input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input type="checkbox"/> Other (specify) <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail		
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.		
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," write previous EIN here ▶		
Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.	
	Designee's name	Designee's telephone number (include area code) ()
	Address and ZIP code	Designee's fax number (include area code) ()
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code) ()
Name and title (type or print clearly) ▶		Applicant's fax number (include area code) ()
Signature ▶	Date ▶	

Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document.¹ See also the separate instructions for each line on Form SS-4.

IF the applicant...	AND...	THEN...
Started a new business	Does not currently have (nor expect to have) employees	Complete lines 1, 2, 4a-8a, 8b-c (if applicable), 9a, 9b (if applicable), and 10-14 and 16-18.
Hired (or will hire) employees, including household employees	Does not already have an EIN	Complete lines 1, 2, 4a-6, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10-18.
Opened a bank account	Needs an EIN for banking purposes only	Complete lines 1-5b, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Changed type of organization	Either the legal character of the organization or its ownership changed (for example, you incorporate a sole proprietorship or form a partnership) ²	Complete lines 1-18 (as applicable).
Purchased a going business ³	Does not already have an EIN	Complete lines 1-18 (as applicable).
Created a trust	The trust is other than a grantor trust or an IRA trust ⁴	Complete lines 1-18 (as applicable).
Created a pension plan as a plan administrator ⁵	Needs an EIN for reporting purposes	Complete lines 1, 3, 4a-5b, 9a, 10, and 18.
Is a foreign person needing an EIN to comply with IRS withholding regulations	Needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits ⁶	Complete lines 1-5b, 7a-b (SSN or ITIN optional), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is administering an estate	Needs an EIN to report estate income on Form 1041	Complete lines 1-6, 9a, 10-12, 13-17 (if applicable), and 18.
Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.)	Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Complete lines 1, 2, 3 (if applicable), 4a-5b, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is a state or local agency	Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 ⁷	Complete lines 1, 2, 4a-5b, 9a, 10, and 18.
Is a single-member LLC	Needs an EIN to file Form 8832, Classification Election, for filing employment tax returns and excise tax returns, or for state reporting purposes ⁸	Complete lines 1-18 (as applicable).
Is an S corporation	Needs an EIN to file Form 2553, Election by a Small Business Corporation ⁹	Complete lines 1-18 (as applicable).

¹ For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees.

² However, do not apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).

³ Do not use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

⁴ However, grantor trusts that do not file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the instructions for Form 1041.

⁵ A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

⁶ Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. See Rev. Proc. 2000-12.

⁷ See also *Household employer* on page 4 of the instructions. Note. State or local agencies may need an EIN for other reasons, for example, hired employees.

⁸ See *Disregarded entities* on page 4 of the instructions for details on completing Form SS-4 for an LLC.

⁹ An existing corporation that is electing or revoking S corporation status should use its previously-assigned EIN.



KNIGHTS OF COLUMBUS

MAKING A DIFFERENCE FOR LIFE

ADD TO MASTER LIST

Date

Office of the Supreme Advocate
PO Box 1670
New Haven, CT 06507

RE: Authorization to Apply for Federal Income
Tax Exemption Under Section 501(c)(8)

Worthy Supreme Advocate:

This authorizes you to apply for inclusion of our (council/assembly) in the Supreme Council's group exemption roster. Our (council/assembly) is a subordinate organization affiliated with and under the general supervision of the Supreme Council. If it is added to the group exemption, it will be exempt from federal income taxes under Internal Revenue Code Section 501(c)(8).

This authorization is given pursuant to Revenue Procedure 68-13.

Person responsible for filing Form 990

Grand Knight/Faithful Navigator

Council/Assembly Name: _____

Council/Assembly No: _____

Address: _____

***Address should be where the council/assembly receives its mail such as a PO Box or the parish address.
Council mail should not go to the address of an officer.***

Council/Assembly Federal
Employer Identification Number (EIN): _____



TREASURY DEPARTMENT
WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESSES REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

OCT 25 1940

IT:P:T:1
MLC

Knights of Columbus,
c/o Mr. Luke E. Hart,
Supreme Advocate,
LaSalle Building,
St. Louis, Missouri.

Sirs:

Reference is made to the information submitted by you for use in determining your status and the status of your local subordinate councils for Federal income and employment tax purposes.

It is the opinion of this office, based upon the evidence presented, that you and your subordinate councils listed in the "Directory of Councils and Officers, 1939-40" are exempt from Federal income tax under the provisions of section 101(3) of the Internal Revenue Code and the corresponding provisions of prior revenue acts.

Accordingly, you and your subordinate councils will not be required to file returns of income unless there is a change in the character of your organization, the purposes for which you were organized or your method of operation, or that of your subordinate councils. Any such changes should be immediately reported by you to this Bureau in order that the effect of such changes upon the present exempt status may be determined. You should furnish the Bureau annually, on the calendar year basis, lists in quadruplicate showing the names and addresses of any councils which were chartered during the calendar year and the names and addresses of any councils which for any reason ceased to exist. Such annual lists should be accompanied by a statement, sworn to by one of your principal officers, as to whether or not the information heretofore submitted by you and on which this ruling is based, is applicable in all respects to the new councils appearing on the lists, and should be forwarded so as to reach this office not later than February 15 of the following year.

The exemption evidenced by this letter relates specifically to Federal income tax, but since any organization which is exempt from such tax under the provisions of section 101 of the Internal

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Knights of Columbus,
St. Louis, Missouri.

Revenue Code also is entitled to exemption from the capital stock tax pursuant to the express provisions of section 1201(a)(1) of the Internal Revenue Code, you and your subordinate councils will not be required to file capital stock tax returns for future years so long as the exemption from income tax is effective.

The determination of the status of your organization and subordinate councils for Federal employment tax purposes will be made the subject of a separate communication.

A copy of this ruling is being transmitted to the collectors of internal revenue for the several districts in which you and your subordinate councils are located.

By direction of the Commissioner.

Respectfully,



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OCT 15 1998

Knights of Columbus Supreme Council
One Columbus Plaza
New Haven, CT 06510-3325

Dear Sir or Madam:

This letter is in response to your request for a letter from the Internal Revenue Service confirming your exempt status and the exempt status of your subordinate units.

Our records indicate your Employee Identification Number is _____ and that a group ruling issued in October 1940, recognized your organization and subordinate councils as being exempt from federal income tax under what is now section 501(c)(8) of the Internal Revenue Code (IRC). Your Group Exemption Number is 0188. The group ruling is still in effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Harold N. Toppall".

Harold N. Toppall
Chief, Projects Branch 2
Exempt Organizations Division

ANNUAL ELECTRONIC FILING REQUIREMENT FOR KNIGHTS OF COLUMBUS SUBORDINATE COUNCILS

All Knights of Columbus subordinate councils must complete some type of annual filing with the Internal Revenue Service (IRS). The type of return depends on the amount of the council's gross receipts. For example, if a council's gross receipts are \$50,000 or less, it must file IRS Form 990-N (e-postcard). If a council's gross receipts are between \$50,000 and \$200,000, it must file IRS Form 990-EZ. If a council's gross receipts exceed \$200,000, it must file a Form 990. These rules apply to all state councils, local councils, chapters, and assemblies.

Most of the smaller councils will qualify for filing IRS Form 990-N (e-postcard). The e-postcard is an informational return and is not used to report taxable income or tax liability. While the e-postcard is referred to as "Form" 990-N, it is not actually a postcard or a form. Filing the e-postcard consists of accessing the IRS system and answering approximately eight questions online.

To access the IRS electronic filing system, go to www.nccs.urban.org then click on "FILE YOUR E-POSTCARD." You will then need to register as a new user and enter the council or assembly tax identification number (EIN). Each council and assembly must have its own EIN; you may not use Supreme Council's EIN.

When filing the e-postcard, you must designate the 12-month period that you have selected as the tax year for your council or assembly (e.g., January 1 to December 31 or July 1 to June 30). This is the tax year you established when you originally filled out Form SS-4 to apply for your EIN. If you do not know the tax year you originally selected, try using the 12-month period ending December 31. If the system rejects your filing, then you likely chose the 12-monthly period ending June 30 as your tax year (the Order's "fraternal year"). The e-postcard is due every year by the 15th day of the 5th month after the close of your tax year. For example, if your tax year ends December 31, the e-postcard is due by May 15 of the following year. While you may file the e-postcard before the deadline, you may not file the e-postcard until after your tax year ends. Keep in mind that you may file the e-postcard only for the tax year that is currently due. The system does not allow you to file e-postcards for prior years.

******The IRS may revoke the tax-exempt status of any organization that fails to meet its annual filing requirement for three consecutive years. Therefore, councils that do not file a Form 990-N (e-postcard), Form 990EZ or Form 990 for three consecutive years may have their tax-exempt status revoked as of the filing due date of the third year. If your council is delinquent with its filings, you should immediately contact a tax advisor. ******

IRS FAQ'S

Exempt Organizations Annual Reporting Requirements - Annual Electronic Notice (Form 990-N): Frequently Asked Questions and Answers

Who must file Form 990-N (e-Postcard)?

Under the Pension Protection Act of 2006, most small tax-exempt organizations whose [gross receipts](#) are [normally \\$50,000 or less](#) must file Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ*. Before this law was enacted, these small organizations were not required to file annually with the IRS. The first filings were due in 2008 for [tax years](#) ending on or after December 31, 2007.

When is the e-Postcard due? How often do I need to file?

The *e-Postcard* is due every year by the 15th day of the 5th month after the close of your tax year (usually the same as your accounting period). For example, if your tax year ended on December 31, the *e-Postcard* is due May 15 of the following year. If the due date falls on a Saturday, Sunday or legal holiday, the due date is the next business day.

If you do not file your *e-Postcard* on time, the IRS may send you a reminder notice but you will not be assessed a penalty for late filing the *e-Postcard*. However, an organization that fails to file required *e-Postcards* (or information returns – Forms 990 or 990-EZ) for three consecutive years will [automatically lose its tax-exempt status](#). The automatic revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

Can an organization file an e-Postcard for a prior year?

You can file an *e-Postcard* for a prior year through one of our [approved e-file service providers](#). However, you cannot file an *e-Postcard* for a prior year through the link on our site to the filing system. For example, if the organization's tax year ended on December 31, 2009, and you attempt to file your 2009 *e-Postcard* after the close of your 2010 tax year (December 31, 2010), the filing system only will allow you to file for 2010. While there is no penalty for late filing an *e-Postcard*, your tax-exempt status will be automatically revoked if you don't file for three consecutive years. **Note:** The requirement to file Form 990-N is an annual requirement.

Are there exceptions to the requirement to file Form 990-N (e-Postcard)?

Yes, exceptions to the filing requirement include organizations that are included in a [group return](#), as well as churches, their integrated auxiliaries and conventions or associations of churches.

What organizations are ineligible to file the e-Postcard?

The following organizations are not eligible to file the *e-Postcard* but must file different forms instead:

- [Private foundations](#) must file [Form 990-PF](#);
- [IRC section 527 \(political\) organizations](#) required to file an [annual exempt organization return](#) must file [Form 990](#) or [Form 990-EZ](#);
- Tax-exempt organizations with annual gross receipts that are normally greater than \$50,000 must file [Form 990](#) or [Form 990-EZ](#); and
- [Section 509\(a\)\(3\) supporting organizations](#) must file [Form 990](#) or [Form 990-EZ](#), except for (1) integrated auxiliaries of churches, (2) exclusively religious activities of religious orders and (3)

organizations whose gross receipts are normally \$5,000 or less and that support a section 501(c)(3) religious organization.

Does an organization whose gross receipts are normally \$25,000 or less have to file the e-Postcard if its application for tax exemption is pending?

Yes, but to do so an officer of the organization must first call Customer Account Services at 1-877-829-5500 (a toll-free number) and ask that the organization be set up to allow filing of the e-Postcard.

Does my organization have to file the e-Postcard if it is a subordinate organization in a group exemption?

If your organization is a subordinate of a parent organization and your organization is included on the parent's group return, you are not required to file the e-Postcard. The group return satisfies your reporting requirement. However, if you do not file as part of a group return and your annual gross receipts are normally \$50,000 or less, you must file the e-Postcard unless you file Form 990 or 990-EZ. Contact your parent organization if you are not sure if you are included in the group return and do not need to file the e-Postcard.

If your parent organization failed to include your organization in the list of subordinates provided to the IRS annually, your organization will not be recognized as part of the group exemption and you will not be able to file the e-Postcard. The best way to resolve this is to have the parent organization ask the IRS to update its records by writing to the following address:

Internal Revenue Service
1973 North Rulon White Blvd
Ogden, UT 84404-5402
ATTN: M/S 6273

Your organization will need to allow six weeks for the IRS to update its records before you can file your e-Postcard. Your organization should not be concerned if this delay causes your filing to occur after your e-Postcard is due because there are no late filing or delinquency penalties associated with the e-Postcard. Note, however, that an organization's tax-exempt status is automatically revoked if it does not satisfy its annual filing requirement for three consecutive years.

Is an organization required to file an e-Postcard if it was not required to file an application for tax exemption?

Yes, certain organizations do not have to apply for tax exemption but still have an e-Postcard filing requirement. If your organization did not file an application for tax exemption because it is a section 501(c)(3) organization whose gross receipts in each taxable year are normally not more than \$5,000 or because it is exempt under another Code section, such as section 501(c)(4), an officer of the organization should call Customer Account Services at 1-877-829-5500 (a toll-free number) and ask that the organization be set up to allow filing of the e-Postcard.

How do I file the e-Postcard?

The e-Postcard is filed electronically by answering fewer than ten questions in an on-line form. When you link to the system, you leave the IRS site and file the e-Postcard with the IRS through our trusted partner, Urban Institute. If you have trouble linking to the filing system through the IRS website, the URL for the Urban Institute site is <http://epostcard.form990.org>. The form must be completed and filed electronically. There is no paper form.

How much does it cost to file the e-Postcard?

Filing the *e-Postcard* is free. To access the filing system, go to [our e-Postcard page](#) and then click on the link under **How To File**. Or go directly to the filing site at <http://epostcard.form990.org>. There is no paper form.

Do I need to purchase a computer and software to file the *e-Postcard*?

No, the IRS has created a simple Internet based process for filing the *e-Postcard*, so organizations do not need to purchase software to file. Organizations that do not have access to a computer can go to places that provide Internet access to the public, such as their local library, to file the *e-Postcard*.

Do I need an e-mail address to file the *e-Postcard*?

Yes, you will need an e-mail address. The system uses the e-mail address to activate your login ID and password and to notify you if your *e-Postcard* was accepted or rejected by the IRS. If rejected, the e-mail will contain instructions on who to contact to resolve the problem.

How can I determine what my exempt organization's tax year is?

A tax year is usually 12 consecutive months. There are two kinds of tax years:

- **Calendar Tax Year:** This is a period of 12 consecutive months beginning January 1 and ending December 31; or
- **Fiscal Tax Year:** This is a period of 12 consecutive months ending on the last day of any month except December.

Generally, your tax year (or accounting period) can be found in the following documents:

- Your organization's by-laws.
- Your application for federal tax-exempt status (Form 1023 or Form 1024) or the determination letter you received approving your tax-exempt status.
- The application, Form SS-4, your organization filed to obtain its employer identification number (EIN).
- A copy of a prior year return, Form 990 or 990-EZ, that you filed with the IRS.

Can I file the *e-Postcard* before the close of my tax year?

No, you cannot file the *e-Postcard* until after the end of your tax year.

What information do I need to provide on the *e-Postcard*?

The *e-Postcard* is easy to complete. All you need is the following information:

- Organization's legal name –
 - An organization's legal name is the organization's name as it appears in the articles of incorporation or similar organizing document, as most recently amended and (when required by state law) filed with the appropriate state authority. If you have changed your organization's legal name, you must [inform the IRS of the new name and provide certain supporting documentation](#) before filing your *e-Postcard*. You should report the change of name as far in advance of your filing deadline as possible. If you haven't received an affirmation letter reflecting your name change by the time your return is due, you will have to file a paper return (Form 990 or 990-EZ) for the year in which you changed your name and report the change of name on the paper return.
 - Any other names your organization uses – If the organization is known by or uses other names to refer to the organization as a whole (and not to its programs and activities), commonly referred to as Doing-Business-As (DBA) names, they should be listed.
 - Organization's mailing address – The mailing address is the current mailing address used by the organization. If the organization's mailing address has changed since it filed its previous return (Form 990 or 990-EZ) or *e-Postcard* simply enter the new mailing address.
 - Organization's website address (if you have one).
 - Organization's [employer identification number](#) (EIN) –

- Every tax-exempt organization must have an EIN, sometimes referred to as a Taxpayer Identification Number (TIN), even if it does not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service. Your organization would have acquired an EIN by filing a Form SS-4 prior to requesting tax-exemption. The EIN is a 9-digit number and the format of the number is NN-NNNNNNN (for example: 00-1234567).
- If you do not know your EIN, you may be able to find it on the organization's bank statement, application for Federal tax-exempt status, or prior year return.
- Please note that the EIN is not your *tax-exempt number*. That term generally refers to a number assigned by a state agency that identifies organizations as exempt from state sales and use taxes.
- If you do not have an EIN, see the [Instructions](#) for Form SS-4 for different ways to apply for an EIN. DO NOT use the EIN of a parent or other organization.
- Name and address of a principal officer of your organization –
- Usually president, vice president, secretary, or treasurer – often specified in the organization's by-laws.
- Organization's annual tax year –
- Like any taxpayer, exempt organizations must keep books and reports and file returns based on an annual accounting period called a tax year. A [tax year](#) is usually 12 consecutive months that can be either calendar year or fiscal year and is often specified in the organization's by-laws.
- Answers to the following questions:
- Are your [gross receipts](#) still [normally \\$50,000 or less](#)?
- Has your organization terminated or gone out of business?

If my information changes or I make a mistake, can I amend the *e-Postcard* after submitting it to the IRS?

No, you cannot file an amended *e-Postcard*. You can make corrections or update your information when you file your next *e-Postcard* in a subsequent year.

How will the public get access to information on the *e-Postcard*?

To search for organizations that have filed an *e-Postcard* and to view their filings, see [Exempt Organizations Select Check](#). You can also download the entire database of *e-Postcard* filings on that site.

I received a letter from the IRS about the *e-Postcard*, but I am no longer with the organization and I am unable to forward the letter; what should I do?

Call Customer Account Services toll-free at 877-829-5500 and explain the situation.

When my organization attempted to file the *e-Postcard*, it received an error message indicating that the EIN was incorrect. What should we do?

If you are certain that your EIN was entered correctly, the IRS may not have your organization listed as a tax-exempt organization. This may be because your application for tax exemption is pending or you did not apply for tax exemption. If this is the case, an officer of the organization should contact Customer Account Services at 1-877-829-5500 (a toll-free number) and ask that the organization be set up to allow filing of the *e-Postcard*.

Your organization will need to allow six weeks for the IRS to update its records before you can file your *e-Postcard*. Your organization should not be concerned if this delay causes your filing to occur after your *e-Postcard* is due because there are no late filing or delinquency penalties associated with the *e-Postcard*.

Note, however that an organization's tax-exempt status is [automatically revoked](#) if it does not satisfy its annual filing requirement for three consecutive years.

What should I do if another organization filed an *e-Postcard* using my organization's employer identification number?

If you cannot file your *e-Postcard* because another organization used your employer identification number (EIN), you must contact IRS Customer Account Services at 1-877-829-5500 (a toll-free number) and explain the situation. In most instances, you will be able to file your *e-Postcard* using your EIN, and IRS will notify the other organization of its error. This situation sometimes occurs when a subordinate organization inadvertently uses the EIN of a related organization or the parent organization.

Can I file Form 990 or Form 990-EZ instead of the *e-Postcard*?

Yes, but please note that if you choose to file an annual information return (Form 990 or Form 990-EZ) instead of the *e-Postcard*, you must file a complete return. An incomplete or partially completed Form 990 or Form 990-EZ will not satisfy the annual filing requirement. Also, you may be assessed a late filing penalty if you file Form 990 or Form 990-EZ late.

What happens if I file the *e-Postcard* late?

The IRS will send you a reminder notice if you do not file your *e-Postcard* on time, but you will not be assessed a penalty for late filing an *e-Postcard*. However, it is critical that you file within the three-year period described in [Failure to File](#) and [Reinstating Exempt Status](#).

What happens if I fail to file the *e-Postcard* (or Form 990 or Form 990-EZ)?

An organization that fails to file the required *e-Postcard* (or annual return) for three consecutive tax years [automatically loses its tax-exempt status](#). The revocation of an organization's tax-exempt status does not take place until the filing due date of the third year. For example, if your *e-Postcard* was due on May 15, 2008 (for tax year 2007) and you did not timely file in 2007, 2008 or 2009, you lose your tax-exempt status effective on the 2010 due date.

Can an organization have its tax-exempt status reinstated if it was revoked for failing to file for three consecutive years?

Yes, but you must apply (or reapply) and pay the appropriate user fee to have your tax-exempt status reinstated if it was revoked because you failed to file for three consecutive years. An exemption application is required even if your organization was not originally required to file an application. Reinstatement of exempt status, if the application is approved, will generally be effective the date the application was filed, although reinstatement may be retroactive to the date of revocation if the organization shows that it had reasonable cause for not filing for three consecutive years. Reinstatement of tax-exempt status may be retroactive to the date of revocation if the organization can show that it had reasonable cause for not filing. To apply for tax-exempt status, use [Form 1023, Application for Recognition of Exemption](#) (if you are a section 501(c)(3) organization) or [Form 1024, Application for Exemption under Section 501\(a\)](#) (for other types of tax-exempt organizations).

Who should I contact if I'm having trouble with the *e-Postcard* website?

If you experience a problem with the *e-Postcard* filing system, such as a problem logging on to the system, send an e-mail describing the problem to epostcard@urban.org

How can I get the latest information about filing the *e-Postcard* (Form 990-N)?

For the latest information about electronically filing the *e-Postcard*, you can:

- Sign up for Exempt Organization's [EO Update](#), a regular email newsletter that highlights new information posted on the charities pages of irs.gov. To subscribe go to www.irs.gov/eo and click on [Free e-Newsletter](#)
- Check our website at www.irs.gov/eo
- Call our customer service function toll-free at 1-877-829-5500