

## Tax Exemption and Filing

The American Inns of Court is a tax exempt organization as defined in section 501(c)(3) of the Internal Revenue Code. Further, the American Inns of Court has been granted a group exemption ruling that may include any of its "subordinate organizations."

The American Inns of Court was granted 501(c)(3) status because it is a non-profit corporation of a charitable nature that does not engage in political activities or lobbying. As a result, the American Inns of Court Foundation is not required to pay federal or state tax on income related to its central mission and dues paid to and contributions made to the American Inns of Court are considered tax-deductible.

### Joining the Group Exemption - Step One

- The Inn must obtain an Employer Identification Number (EIN, or tax ID number) from the IRS.
- The national office can provide you with the necessary form SS-4, or you can obtain an EIN by telephoning your local IRS service center.
- You must make sure to include our group exemption number (GEN 3249) when completing your EIN application.
- Many Inns have already obtained an EIN. If so, it is not necessary to obtain another one.
- If you are not sure whether your Inn has obtained an EIN or do not know what the number is, you may contact the national office, and we will try to assist you.

### Joining the Group Exemption - Step Two

- The Inn must complete a simple option form provided by the national office.
- The option form requires you to provide an EIN.
- The Inn's fiscal year must also coincide with the Foundation's fiscal year, which is July 1 to June 30.
- Once the Inn has properly requested inclusion in our group exemption, it is thereafter considered a 501(c)(3) tax-exempt organization.

### Filing a Tax Return

- The IRS requires every tax-exempt organization to file an informational return.
- Organizations with annual gross revenue in excess of \$50,000 must file a 990-EZ.
- Organizations with annual gross revenue of \$50,000 or less must file a 990-N. The American Inns of Court Foundation can file a 990-N on the Inn's behalf if given permission to do so with the AICF Tax Filing Verification Form.
- **Filing is not optional.**

**Key dates:**

- August 31: Submit UPDATES to the AICF Tax Filing Verification Form for the past fiscal year (AICF Verification form sent to Inns in July)
- November 15: Comply with the IRS Tax Filing deadline

**State/Local Sales and Use Tax Exemption**

- Designation as a 501(c)(3) tax-exempt organization does not automatically exempt the Inn from state or local sales and use taxes.
- Most localities require an organization to apply for such exemption.
- The application process may require some documentation from the national office.
- Typically this includes a copy of our 501(c)(3) determination letter from the IRS and our group exemption letter.

**Deductibility of Dues or Other Payments to the Inn**

- If the Inn opts to be included in our group exemption and is considered a 501(c)(3) tax-exempt organization, then contributions to the Inn are considered tax deductible.
- The non-meals portion of the dues may also be deductible.
- The Inn should be prepared to provide a breakdown of how much of a member's dues payment went to meals versus other expenses.

**Questions?**

- If you have questions, please contact your [Director of Chapter Relations](#) at (800) 233-3590.