

Obtaining an EIN for your Student Organization

What is a Federal Tax ID Number/EIN?

The Federal Tax ID Number (also known as the Employer Identification Number or EIN) is a number used to identify a business or other organization.

Student organizations wishing to open a bank account must apply for an Employer Identification Number (EIN). Organizations should **not** open a checking account using an individual's social security number. In doing so, the financial burden of that account then rests with that individual and he/she becomes responsible for claiming any interest accrued on that account on his/her own taxes. The individual also becomes responsible for the account if there is a problem with it.

Why do I need a Federal Tax ID Number?

If your organization applies for funding through the University, or fundraises, your organization will need a tax ID number to receive money or in-kind donations. You will also need this number to open a bank account. Additionally, obtaining an EIN helps to ensure the IRS will not make any of an organization's individual members personally responsible for taxes on revenue that the organization has earned.

Can we just use the University's EIN?

Recognition by USAHS does not imply tax-exempt status and student organizations are not allowed to use the University's EIN number. Student organizations are independent entities responsible for their own finances and establishing and maintaining their tax status with the IRS.

Is the Federal Tax ID Number the same as being a non-profit organization?

No. Student organizations are **not** Federally Tax-Exempt Non-profit Organizations. Only the federal government can confer charitable status on an organization. Filing for charitable status (501(c)(3) status) is a lengthy legal procedure that commits the organization to the rigorous annual reporting procedures required by the IRS. Because of the annual reporting requirements and the frequent turnover of student leadership, we do not encourage student organizations to file for charitable status, unless, as explained below, they expect to earn income of over \$5,000 per year. Groups that do not have non-profit status are legally classified as "unincorporated associations".

How do I get a Federal Tax ID Number?

The easiest way to apply is online through the IRS website. You will be walked through the application and receive your number immediately. You can also apply by mail or over the phone.

To apply online:

1. Go to the IRS' **Apply for an Employer Identification Number (EIN)** Online Web site: [http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-\(EIN\)-Online](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online)
2. Click the **APPLY ONLINE NOW** link at the bottom of the page.
3. Once you have read the instructions on the page, click the **Begin Application** button.

4. Select the **View Additional Types, Including Tax-Exempt and Governmental Organizations** option for the “What type of legal structure is applying for an EIN?” question and then click the **Continue** button.

5. Any of the following options may describe your type of organization: 1) Community or Volunteer Group or 2) Other Non-Profit/Tax-Exempt Organizations.

6. To confirm your selection click the **Continue** button.

7. Enter your first name, last name, and SSN/ITIN. While the online SS-4 form requires the individual to enter his/her Social Security Number (SSN), it is still the EIN that is used to open a checking account, not any individual’s SSN.

8. Select whether you are an officer or member of the organization or whether you are applying for the EIN as a third party on behalf of the organization and then click the **Continue** button.

9. Enter the address information for your organization and click the **Continue** button when you are done.

10. Enter the requested information about your organization and click the **Continue** button when you are done. Repeat this step for the next screen requesting additional organizational information.

11. Select the **Other** option for the question “What does your business or organization do?” and click the **Continue** button.

12. Select the **Organization** option for the question regarding your business activity and click the **Continue** button.

13. From the list of organizational activities select the activity that best describes what your organization does and click the **Continue** button.

14. Select whether you would like to receive your EIN confirmation letter online or by mail and click the **Continue** button.

15. Once you receive the information, **retain it in your student organization files for current and future leadership. You will also need a copy of this form to open a bank account.**

16. Who do I contact if I have questions or have trouble filling out the online form?
For assistance you should contact the IRS directly. They can be reached at 1-800-829-4933.

17. How do I open a bank account?

You will provide the EIN number to open a bank account. The University has a banking relationship with Bank of America, which is a recommended bank for student organizations. Any questions should be forwarded to Erik Amaro at eamaro@usa.edu.

18. At what point should we become a tax-exempt organization rather than remain an unincorporated association?

Consider filing to become a tax-exempt organization (also known as a 501(c)(3)) through the IRS if your group's annual income is more than \$5,000. If a group decides not to become tax-exempt and earns \$5,000 or more in one year, the group is required to file taxes as an unincorporated association. The group can expect tax rates of 21% federal taxes plus state taxes. The IRS may also require these groups to back-file for previous years, resulting in additional costs. Obtaining tax-exempt status will make your group exempt from owing income tax, which will result in a significant savings over time. Additionally, obtaining 501(c)(3) status can make donations to your group tax-deductible for donors. This is important if you solicit large donations.

19. How do we become tax-exempt?

The first step to becoming tax-exempt is to register as a non-profit organization in the state in which you operate. You can then register as a 501(c)(3) organization by filing IRS Form 1023-EZ (if annual income is below \$50,000) or IRS Form 1023 (if income exceeds \$50,000). Forms can be found at <https://www.irs.gov/forms-instructions>.

Becoming a tax-exempt organization requires a one-time fee of \$275 (for organizations filing Form 1023-EZ) or \$600 (for organizations filing Form 1023). While this may be a financial burden, this will make your organization exempt from owing taxes to the IRS now and in the future, which could mean significant long-term savings.