

## Kappa Psi Pharmaceutical Fraternity, Inc.

### Chapter/Province Taxes 2022-2023

- **Most chapters will file a 990-N (e-postcard).** Chapters are eligible to file if:
  - Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses
  - Gross receipts are considered to be normally \$50,000 or less if the organization:
    - Has been in existence for 1 year or less and received, or donors have pledged to give, \$75,000 or less during its first tax year;
    - Has been in existence between 1 and 3 years and averaged \$60,000 or less in gross receipts during each of its first two tax years; and
    - Is at least 3 years old and averaged \$50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which calculations are being made).
- **IRS Filing User guide: [IRS User Guide](#)**
  - **What is needed to file:**
    - [Employer identification number \(EIN\)](#), also known as a Taxpayer Identification Number (TIN)
    - [Tax year](#) (calendar or fiscal filer)
    - Legal name and mailing address
    - Any other names the organization uses
    - Name and address of a principal officer
      - Recommendation: For Graduate Chapters, this should be the Regent and for Collegiate Chapters, it is advisable, but not required, that this individual be the Grand Council Deputy for Continuity Purposes
    - Website 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)
  - **When to file:**
    - Form 990-N is due every year by the 15th day of the 5th month after the close of your [tax year](#) (May 15th for most Chapters).
    - You cannot file the e-Postcard until after your tax year ends.
  - **FAQs:**
    - [IRS FAQs](#)
  - **Notification of Tax Filing:**
    - Please note that it is not required to notify the Grand Counselor of all tax filings; however, Province Supervisors will be checking on the status of Chapter filings and may request this information from Chapters.
  - **Note:**
    - Often times, taxes are rejected. Be sure Chapters re-enter the portal within 7 days after submission to ensure they were accepted. If you receive a rejection, first troubleshoot and attempt to rectify the solution. If you are having trouble, please send a screenshot to [GrandCounselor@KappaPsi.org](mailto:GrandCounselor@KappaPsi.org) or with Supervisors CC'd

## **Tax Definitions and Explanations**

- **501(c)7 – Social Organization/Club Tax exempt status**
  - Kappa Psi is a 501(c)7 organization. We are **not** considered a “non-profit” in the common use of the word. Those organizations are charitable organizations which are a 501(c)3.
  - Chapters often state to external organizations that we are a “non-profit”, but they must notify any external partners of our particular tax status and must not mislead them to believe we are a 501(c)3 organization, which many partners are more familiar with.
  - Any donations or dues to our group are not considered to be a “tax write off”.
  
- **Filing Taxes – Most of our chapters simply need to complete a 990-N aka “e-Postcard” to file their taxes**
  - Some groups with a chapter House may take in more than \$50,000 in income (e.g., rent) and therefore, need to fill out a full version of the IRS 990.
  - Some schools file taxes for the student organizations and the Chapter operates under the school’s EIN number.
  
- **Auto-revocation – If an EIN has not been filed in 3 years, a chapter is essentially declared dormant by the IRS**
  - Filling out the reinstatement form is cumbersome and comes with a \$600 fee
  - To avoid this, every chapter should be filing taxes every year.
  - If a Chapter enters auto-revocation, they must get their original EIN reinstated. Chapters cannot reapply for a new EIN, even if that EIN has not been used for many years (e.g., chapter reactivation).
  
- **Group Exemption/Subordinates – Chapters EINs must be linked to Kappa Psi as a parent organization in order to file taxes**
  - In 2021, multiple chapters were removed from the group exemption due to an IRS error. The IRS was notified and most of these issues have been resolved; however, some may still be lingering and the Grand Counselor has continued to work through these resolutions.
  - Every time an EIN is activated (e.g., chartering) or reinstated (e.g., following auto revocation) the Fraternity must notify the IRS via a faxed letter from Central Office/the Grand Counselor.
  - Chapters cannot file taxes if they are not under the group exemption.
  
- **Electronic collection of money - Chapter’s receiving funds from Venmo, PayPal, etc.**
  - Chapters must be using a business account that is tied to their Chapter EINs
  - Fees will almost always be associated with use of these accounts. Chapters should budget for this when fundraisings, hosting events, etc.