

Top Ten Most Asked Questions About Oregon PTAs and Federal Taxes

1. **Since I am nonprofit, do I have to file a tax return? (990EZ or 990, Schedule A form or 990N)**

Nonprofit educational organizations such as PTAs are exempt from paying income taxes, as long as they adhere to the laws governing such organizations. **HOWEVER**, PTAs are required to file an informational form if their income exceeds the amount specified by the IRS. If a PTA averages \$25,000 gross receipts (income) over a period of three years, the PTA must file a 990EZ form and a Schedule A. The first time a PTA has gross receipts (income) more than \$100,000, the PTA must file a 990 and a Schedule A. **Gross receipts** means ALL PTA revenue deposited in your bank account during the current fiscal year. *As of fiscal year 2007 (the fiscal year ending June 30, 2007) PTAs whose gross receipts are less than \$25,000 must now file a 990N.* A 990N is an online electronic 'postcard' that is now required of any 501(c)3 not required to file other types of 990 forms.

2. **Who has to fill out and sign the 990EZ or 990 and Schedule A?**

It is recommended that the treasurer fill out the 990EZ & Schedule A forms as a part of their duties **before** turning over the books to the incoming treasurer. They are familiar with the financial records for that year and it should be a simple matter of filling in the necessary information to complete the forms. If your gross receipts are over \$100,000, it is suggested that the 990 and Schedule A be completed by a professional, with information furnished by the treasurer. Any officer may sign the form.

3. **If we are a new PTA do we have to file the 990EZ and Schedule A?**

If a new PTA has gross receipts (income) over \$37,500 for the first year, a 990EZ and Schedule A must be filed. The second year an average of \$30,000 for two years requires filing. The third year requires an average of \$25,000 to file. As of fiscal year 2007 (July 1, 2007 – June 30, 2007) if your PTA is not required to file a 990EZ/990 and Schedule A, you still are required to file a 990N. (See question 1.)

4. **Do I have to get an EIN number for my PTA and, if yes, how do I get one?**

All PTAs must have their own EIN number (Employer Identification Number). In order to open a bank account, the bank will require one and this is the number you use for any filing or correspondence with the IRS concerning your PTA. To apply for one, you complete an SS-40 form (you may do this online at https://sa.www4.irs.gov/sa_vign/newFormSS4.do) or fax a completed form to IRS at 1.859.669.5760 with a note indicating you wish to have your EIN faxed back to you at your fax number (don't forget to include your fax number!). For blank forms, visit www.irs.gov/pub/irs-pdf/fss4.pdf or call Oregon PTA office, 503.234.3928.

5. **What is the fiscal year for a PTA? Does this go on line A on the 990EZ form?**

It is recommended that all local units declare their fiscal year be July 1 – June 30, however, it is up to each individual unit to determine their fiscal year. Once you have declared your fiscal year, it becomes your permanent fiscal year unless you request a change (IRS Form 1128). Your fiscal year must be filled in on line A (top line on page 1) of the 990EZ form.

6. **Do I list my fundraising activities on the 990EZ/990 form on line 5, 6, or 7, on Page 1, Part 1?**

You do not enter anything on lines 5 or 7. All fundraising activities are entered on line 6. You attach a schedule making four (4) columns: Name of Fundraiser, Gross Income from Activity, Expenses Incurred from Activity, Net Income. Total each column and enter in the appropriate lines: a, b, c.

7. **What do I enter on line 16 of the 990EZ/990 form, page 1, Part 1?**

You attach a schedule listing all the expenses you have had for the fiscal year. This does not include any expenses associated with fundraising. These are already reported on page 1, line 6. This would be the expenses shown on your budget.

8. **What deadline is required by the IRS for filing and where do I mail it?**

If your fiscal year is July 1 – June 30, your 990EZ or 990 form must be postmarked by November 15th. **This is the 15th day, of the 5th (fifth) month after the accounting period ends** (June 30). And this is the rule you apply if your fiscal year ends on a date other than June 30 – the 15th day, of the 5th (fifth) month after your accounting period ends. Always make copies of your records and mail the original to IRS:

Internal Revenue Service Center, Ogden, UT 84201-0027

and a copy to Oregon PTA, for safekeeping:

Oregon PTA, 4506 SE Belmont, Suite 108-B, Portland, OR 97215

Be sure to keep a copy for your records!

9. **Does my PTA have to fill out an IRS 1099-Misc Form if we paid someone for services to our PTA? And what about prizes at raffles we hold?**

If a person or a business that is not incorporated has been paid at least \$600 for services (including parts and materials), you must complete a 1099-Misc Form as well as completing a 1096 transmittal form.

Raffle or other drawing **prizes** of market value of at least \$600 also require the issuance of a 1099-Misc form to the winner. So, do not forget to collect names, addresses and social security numbers from winners of these prizes.

Note: Auction items and raffle prizes ARE NOT the same thing!

10. **Do I need to file an Unrelated Business income IRS 990T form and do I have to pay taxes on this income?**

PTAs may be required to pay tax on unrelated business income (UBI) and file a 990T form. When UBI gross income exceeds \$1000 this form must be filed and taxes must be paid. To classify income as UBI, **ALL** of the following factors must be present. Income or activity must be:

- From a business activity
- Regularly carried on
- Unrelated to the organization's exempt purpose
- By business doing 85% of the work entailed

Non-profits risk losing their tax exempt status if such activities become the primary focus and make the tax-exempt mission secondary.

Bonus Question:

What is the Election H and does my PTA need one?

The Election H for PTAs allows them greater latitude with regard to lobbying activities. While you may not think your PTA will be participating in lobbying activities, it costs nothing, requires a onetime filing of a Form 5768 and can greatly protect your 501(c)3 status. For more information on the Election H, contact Oregon PTA, 503.234.3928 or or_office@pta.org.

If you have any questions concerning financial matters, the IRS, forms 990EZ/990/990N or Schedule A, contact Oregon PTA, 503.234.3928 or or_office@pta.org.