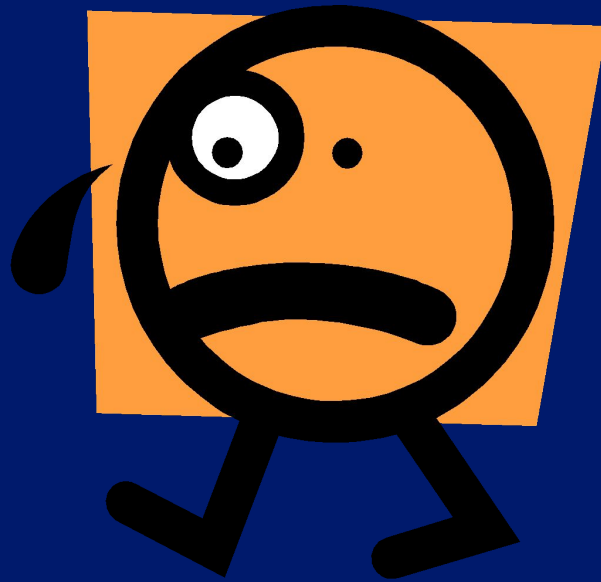


Templars and Taxes



Disclaimer

Please be advised that, based on current IRS rules and standards, the advice contained herein is not intended to be used, nor can it be used, for the avoidance of any tax penalty that the IRS could assess related to these matters.

Further, we will not be considering the details of various state and local taxation nor of employment, property or sales taxes.

Many subjects will be simplified for the sake of time limitations
Special circumstances are often factors.

Non-profit taxation is a complex and specialized subject.



Seek the advice of a qualified tax professional

Templar taxes

As seen on a
previous episode
of this presentation

2008-09
department
meetings



Tax Exempt Status

How obtained

Form 1024 – 19 page form describing activities

Automatic – Theoretically yes but highly unclear who can qualify

Group Exemption – Kind of like being vouched for by your governing body



Grand Encampment has filed for Group Exemptions covering all Grand Commanderies, constituent and subordinate Commanderies for whom we have tax ID numbers

Who has to file tax returns

All exempt
organizations
have to file
something



Getting off easy

the 990-N

Electronic postcard

Allowed if less than \$25,000
gross receipts in 2008 or 2009

Increased limit is \$50,000 for
2010



990-N

Can we blow it off?

No you can't

If you don't file 990-N for two years
You can lose tax exempt status



2007 was year 1

The saga continues

IRS has had extensive problems because they did not understand extent of issues.

Loss of exempt status for not filing 2 years became 3 years.

This would mean final deadline of May 17, 2010.



In 2010 IRS published a list of organizations losing status

Exempt Status loss

Any Grand, Subordinate or Constituent Commandery that has not filed a return for calendar 2007, 2008 or 2009 is not tax exempt as of May 17, 2010.

You get to pay income tax just like a for profit club – dues are taxable income.



Charitable contributions passing through organization are not tax deductible

Regaining Exempt Status

1) Prove you did comply with the rules

This will be a rare occurrence



Regaining Exempt Status

2) New Application

Complete form 1024

\$400 application fee

Only exempt for period beginning on date application filed



Regaining Exempt Status

- 3) Forgiveness for reasonable cause
 - Complete form 1024
 - \$100 application fee

Explanation of reasonable cause of why form not filed – ignored rule isn't acceptable reason



No period of non-exempt status

Regaining Exempt Status

4) Automatic Forgiveness

Complete form 1024

\$100 application fee

No period of non-exempt status



This is your first choice

Regaining Exempt Status

A New Commandery becomes exempt by being included on Grand Encampment annual report

This does **NOT** apply to a Commandery that lost exempt status



Automatic Forgiveness

- 1) Must have been eligible for 990-N for all three years. (less than \$25,000 in 2008 and 2009, \$50,000 for 2010) average gross receipts
- 2) Form 1024 **before December 31, 2012**
- 3) \$100 fee and be happy its not more



Filing form 1024

Form is 19 pages long

501 (c) (10)

Handouts include a PARTIAL sample form 1024 and instructions



Filing form 1024

“NOTICE 2011-43” at top of form

Complete form – sample answers are not complete due to different circumstances



Filing form 1024

Statement Required for attachment

[Name of Organization] was not required to file annual information returns for taxable years beginning before 2007; was eligible in each of its taxable years beginning in 2007, 2008 and 2009 to file a Form 990-N e-Postcard; and had annual gross receipts of normally not more than \$25,000 in each of its taxable years beginning in 2007, 2008 and 2009.



Do it or else

Reinstatement will cost \$400 not \$100

You will be paying federal taxes for the non-exempt years

State tax exempt status in danger

May have to pay property tax



Eye foundation, Holy Land, Etc contributions not deductible

LAST CHANCE

IRS has made several exceptions, extensions and special considerations

Don't expect any more



December 31, 2012

LAST CHANCE

Get the word out



December 31, 2012

THE END

