

Welcome to Secretary-Treasurer Training!

You have been elected/appointed to a position of trust.

Your instructor, will provide you with information relating to federal laws, constitutional responsibilities, and suggestions for building a stronger local/state union.

If you have any questions at the conclusion of this presentation, please do not hesitate to contact me, or your instructor, Roosevelt Stewart.

Yours In Union Solidarity,
Elizabeth Powell



Reinstating Federal Tax-Exempt Status

APWU Secretary-Treasurer Training

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Types of APWU Tax-Exempt Labor Organizations

- **Local Unions**
- **State Organizations**
- **National Union**
- **Retiree Chapters***

*retiree chapters that receive and manage their retiree dues rebate independent of the local or state union

What is the difference between non-profit and tax-exempt status?

Non-profit status is a state law concept. Non-profit status may make an organization eligible for certain benefits, such as state sales, property, and income tax exemptions.

What is the difference between non-profit and tax-exempt status?

Although most federal tax-exempt organizations are non-profit organizations to qualify as exempt from federal income taxes, an organization must meet requirements set forth in the Internal Revenue Code.

Types of Tax-Exempt Labor Organizations

Local, State, National Unions

- The objects of the organization must be the betterment of conditions of those engaged in the pursuits of labor, and
- The net earnings of the organization may not inure (*To result; to take effect; to be of use, benefit, or advantage to an individual.*) to the benefit of any member;

Types of Tax-Exempt Labor Organizations

Retiree Chapters

An organization composed of retired employees can qualify for exemption as a labor organization under IRC 501(c)(5) where it acts to secure and maintain retirement benefits for its members.

Taxes

- IRC 501(c)(5) provides for the exemption from federal income tax of labor, agricultural, or horticultural organizations.
- **We must pay sales tax for purchases and payroll taxes for our employees.**
- We don't have to pay taxes on the interest we earn on our investments unless money is borrowed to finance the investment.

IRS Reporting

All local union and qualifying retiree chapters must file the IRS Form 990, 990-EZ, or 990-N annually. All these forms must be filed every year by the 15th day of the 5th month after the close of the [fiscal year](#).

990 Reporting

Local unions and qualified retiree chapters must file a Form 990 return by the 15th day of the fifth month after the organization's fiscal year ends. Locals with less than \$50,000 in gross receipts for the fiscal year have to file an electronic postcard over the internet. The IRS allows 501(c)(5) organizations to receive a three-month filing extension by filing Form 8868

990-N e Postcard

- **\$0- \$49,999 annual receipts/\$0-\$199,999 total assets**
- File form 990-N (this is filed electronically-there is no paper form. Even if you have no annual receipts, this form must be filed to retain your local non-profit status.

(There is no IRS penalty for late filing)

Form 990-EZ

- **\$50,000 –\$199,999 annual receipts/\$200,000-\$499,999**
- File form 990-EZ
(There is an IRS penalty for late filing)

Form 990

- **More than \$200,000 annual receipts/more than \$500,000**
- File form 990

(There is an IRS penalty for late filing)

Why Was the Local Tax-Exempt Status Revoked?

In most cases, the local/chapter failed to file the required annual electronic notice (Form 990-N e-Postcard) for three consecutive tax years. Prior to 2007, local unions with total receipts of less than \$25,000 were not required to file any report to the IRS.

Can the Local's Tax-Exempt Status Revoked for Any Other Reason?

Yes. If a local makes substantial unrelated business income, it could jeopardize the local's tax-exempt status. If you have any questions about excessive unrelated business income consult your accountant or call the national office.

Unrelated Business Income

- If your organization earns more than \$1000 of unrelated business income during the year, it must file IRS form 990-T, Exempt Organization Business Income Tax Return. Too much UBI can threaten your tax-exempt status. You could be in trouble if UBI takes up more time and attention than your primary mission. The IRS provides an excellent [online tutorial on UBI](#) that explains the rules related to this kind of income.

Unrelated Business Income

- The area of UBI is complex but basically it means that your union may not receive income from a **regularly-carried-on trade** or business that is **not related to your mission**. If you generate funds from a business activity but it is not regular, you will probably not have to pay taxes on that income but it won't jeopardize your tax-exempt status. An example would be selling merchandise once a year at a flea market.

Applying for Reinstatement

The following forms will be provided by this office upon request:

- Form 1024 – Application for Reinstatement
- Form 8718 – User Fee Form
- Procedural Checklist

Applying for Reinstatement

- Local unions must include a copy of their local constitution with form 1024. All filers must include a copy of the organization's financial statements when applying for reinstatement as an 501(c)(5).
- Filers can submit their completed 501(c)(5) application to the Internal Revenue Service, P.O. Box 12192, Covington, KY 41012-0192.

Applying for Reinstatement

For questions or assistance with the reinstatement process, contact the Secretary-Treasurer's Department.

202 842-4215

End of presentation

Elizabeth Powell, our Secretary-Treasurer would like to thank you for participating in this presentation. Your feedback is very important to us because it will help us improve our training. Please feel free to comment, both negative and positive, about this program.

Please feel free to email your comments to

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If you would like a copy of this presentation, please send an email request to dsutton@apwu.org or mail a copy of your request to Delores Sutton in the Secretary-Treasurer's Department.