



Tax-Exempt Reinstatement Process

SigEp has partnered with a tax specialist from Greekbill to support chapters and AVCs that have had their tax-exempt status revoked. This overview accompanies a guided line-by-line spreadsheet to help you complete the necessary form to get back in good standing with the Internal Revenue Service (IRS). If you have questions, please reach out to taxreturns@greekbill.com to be connected with a tax specialist from Greekbill.

Your tax-exempt status has been revoked, now what?

When your tax-exempt status is revoked, you have only two options: 1) get your chapter or AVC reinstated or 2) pay taxes...dating back to when the tax-exempt status was revoked, with penalties and interest for not paying on time. Reinstating your chapter or AVC's tax-exempt status is a crucial step to getting you back on track. Don't worry. You are not the first and there is a simple four-step process — and help is available!

First, here is a bit of background. An organization, especially a non-profit, has benefits *and* mandatory responsibilities to those who grant the benefits. One of those benefits is not paying federal income taxes on certain types of income, being "tax-exempt." This carries with it the requirement to file tax returns each year.

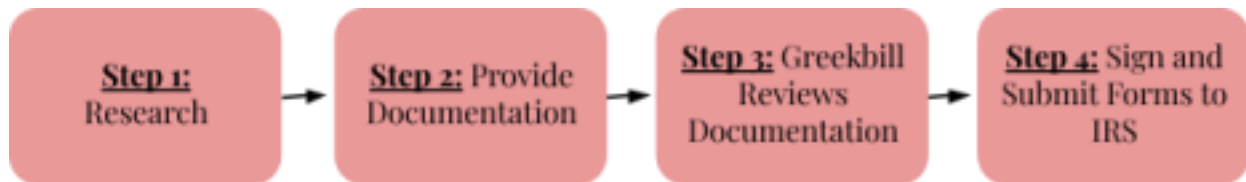
CHAPTERS: The undergraduate chapter is an "unincorporated association" that derives its 501(c)7 non-profit status from a group exemption granted the national Fraternity, a 501(c)7 corporation, in 1941. It was not initially required to apply for its own non-profit status. Once revoked, it **MUST** apply on its own.

AVCs: Each Alumni and Volunteer Corporation (AVC) is a separate legal entity from the undergraduate chapter and must apply for and maintain its own tax-exempt status, typically 501(c)7. Under no circumstances should a chapter and AVC merge entities. If you have merged them, split them up immediately. The "corporate veil" between the two is important.

To maintain each entity's tax-exempt status, the chapter and AVC are each required

to file IRS Form 990 tax returns with the IRS each year. If any entity fails to file three years in a row, the IRS automatically revokes its tax-exempt status. **The process to reinstate your tax-exempt status can be lengthy and expensive if not addressed immediately.**

This resource is intended to help you understand the process and know exactly what needs to be done **now** before any additional taxes, penalties and fines are assessed. Greekbill’s certified public accountants can assist your chapter and/or AVC with filing the IRS Form 1024 reinstatement forms and get your entity back in good standing.



Step 1: Research

The first step is to gather a bit of information:

1. What is the chapter or AVC’s federal employer identification number (EIN)? This is sometimes also referred to as a Federal Tax ID.
 - a. If you don’t know your EIN, you can find it in the *mySigEp Finance Dashboard*. Select your chapter from the top right and click on “Dashboards” and then “Financial Dashboard.” If you are an AVC, yours is also listed in your *mySigEp Financial Dashboard*. Select your AVC in the top right and you’ll see it at the top level. If the EIN listed is inaccurate or blank, email taxreturns@greekbill.com to can research your current tax-exempt status.
 - b. Check out the documents uploaded to your chapter or AVC’s mySigEp Financial Dashboard to see documents and crucial information (such as the end of your fiscal year) that may help you in this process. For most, recent filings are available. For some, there are also details on when your tax-exempt status was revoked, and if it was previously revoked and restored, the previous IRS Form 1024 and the letter the IRS sends when it is restored (a “determination letter”). You may also find budgets that can be extremely helpful.

2. You should also search for your chapter or AVC on the IRS's website with the chapter's or AVC's EIN on the IRS website:
<https://apps.irs.gov/app/eos/>. (The IRS is backed up on processing certain returns, so the information in the mySigEp Finance Dashboard may be more current. Checking both is wise just in case.)
 - b. Once you have information on your chapter or AVC, begin the reinstatement process by emailing taxreturns@greekbill.com. For chapters using greekbill, the discounted price is \$1,400 for the CPA with a separate check up-front for \$600 to the IRS (total \$2,000). For chapters using NOT greekbill, the price is \$2,000 for the CPA and a separate check up-front for \$600 to the IRS (total \$2,600).

If you do not want to move forward with your reinstatement, you will be required to pay taxes starting from the time when the tax-exempt status was revoked. The IRS assesses penalties and interest for not paying on time in addition to the taxes owed. Operating as a for-profit entity is certainly more expensive than getting your tax-exempt status reinstated. And, we should point out that Grand Chapter bylaws require you to address a revoked tax-exemption status right away.

A chapter's legal name should come from your organizing document. Many chapters are set up with the IRS as "Sigma Phi Epsilon Fraternity" which is the legal name of the national organization. Don't use that name for your reinstatement. Your chapter's legal name is something like "Gotham Beta Chapter of Sigma Phi Epsilon" and should be found in your bylaws (or, if you have them, articles of association). This issue is rare with AVCs, but they too should use the name from their organizing document (articles of incorporation).

Step 2: Provide Documentation

Next, the greekbill team will need several pieces of information to prepare your entity's financial and operational data. Download the template checklist resource below for a full list of items they will need to move forward.

Download Reinstatement Checklist

The most important task in this step is compiling the current and last two years of financial data. Providing profit and loss statements and balance sheets for the last two

years can be challenging, especially if you have not been using a proper financial system. If you do have this information, you will be able to transfer the information directly into the template checklist document.

If you do not have this information, then you will need to make estimates. Most chapters and AVCs do this by downloading bank statements for the current and last two fiscal years to calculate the total income and total expenses. Then, they use this year's budget to estimate how the expenses broke out in previous years. In the rare instances where that information is not available, it may be possible to estimate total income based on the chapter's manpower and dues assessed each year.

If you have any questions during this step or need assistance on how to get this information, your greekbill specialist is here to assist.

Step 3: Greekbill Reviews Documentation

Once you have all the information compiled, send it over to greekbill for review. Greekbill's tax team may have additional questions before submitting the information to the IRS. They request a timely response to any questions that are sent your way.

Step 4: Sign and Submit Forms to IRS

After greekbill's tax team has prepared the reinstatement forms and you have reviewed them, they will coordinate with you to send the final forms to the IRS. The signature page(s) and bylaws require a "wet" or original signature and cannot be scanned in.

The IRS's reinstatement fee of \$600 is due at the start of the process, payable via check to the "United States Treasury".

These documents should be mailed back to greekbill for final submission:

Greekbill (Attn: Tax Reinstatement)
23210 Crenshaw Blvd, Suite 102
Torrance, CA 90505

Once all signature pages are received from the officers and greekbill has filed the forms with the IRS, you will receive confirmation of filing with the IRS for your records. The current turnaround time for your chapter or AVC to get reinstated is 6-8 months after the forms have been submitted. During this time, you do not need to file a separate 990. That starts when you are reinstated.

Finally, you will receive an invoice from greekbill for the CPA services rendered. If your chapter or AVC is already using greekbill and has an existing linked bank account, they are happy to directly debit the fee from that account.