



## 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 forms to get back in good standing with the Internal Revenue Service (IRS). If you have questions, please reach out to [taxreturns@greekbill.com](mailto: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### Your tax-exempt status has been revoked, now what?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only two options: 1) get your chapter or AVC reinstated or 2) pay taxes...dating back to when the tax-exempt status was revoked, with penalties and interest for not paying on time.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!

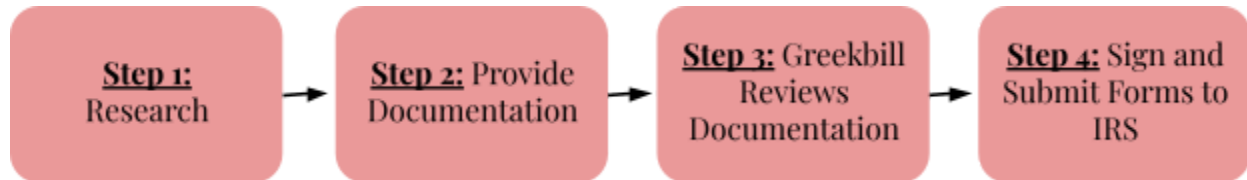
First here is a bit of background. An organization, especially a non-profit, has benefits *and* mandatory responsibilities to those who grant the benefits. One of those benefits is not paying federal income taxes on certain types of income, being "tax-exempt." This carries with it the requirement to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

To maintain each entity's tax-exempt status, the chapter and AVC are each required to file 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 get 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 1024 reinstatement forms with the IRS 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)?
  - a. If you don’t know your EIN, you can find it on mySigEp. Select your chapter from the top right and click on “Chapter Profile.” If the EIN listed is inaccurate or blank, email [taxreturns@greekbill.com](mailto:taxreturns@greekbill.com) so, we can research your current tax-exempt status.
2. Have you searched for the entity on the IRS’s website?
  - a. You can learn a lot of valuable information on the website by searching for the chapter or AVC’s EIN on the IRS’s website here: <https://apps.irs.gov/app/eos/>.
  - b. From there, you will be able to view several different items:
    - i. Previous 990 filings (if any), which include information about who has filed previously and the chapter’s tax period. Ideally, your tax period matches the National Fraternity’s tax period of July 1–June 30. If you have no record of tax filings from the previous three years, it is likely your chapter or AVC has had its tax-exempt status is revoked.
    - ii. Automatic revocation notices, which occurs automatically if the entity fails to file taxes for three consecutive years.
    - iii. Determination letters, which may exist if the entity has been granted its own tax-exempt status outside of the National Fraternity’s group exemption OR if it has gone through the reinstatement process before.

Once you have information on your chapter or AVC, begin the reinstatement process by emailing [taxreturns@greekbill.com](mailto:taxreturns@greekbill.com). We have a discounted price of \$1500 for the CPA and a separate check for \$600 for the IRS will be required (total \$2100).

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.

One note on a chapter's legal name...that 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, our 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 we will need to move forward.

### **[Download Reinstatement Checklist<sup>1</sup>](#)**

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

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<sup>1</sup>Reinstatement checklist available for download:

<https://sigep.org/wp-content/uploads/Reinstatement-Checklist-SigEp-2022-01-08.xlsx>

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. Our tax team may have additional questions before submitting the information to the IRS. We 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, we 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.

Additionally, the IRS's reinstatement fee of \$600 is due at this time, 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 a \$1500 invoice from greekbill for the CPA services rendered. If your chapter or AVC is already using greekbill and has an existing linked bank account, we are happy to directly debit the fee from that account.