



ASTRONOMICAL LEAGUE

**A FEDERATION OF ASTRONOMICAL SOCIETIES
A NON-PROFIT ORGANIZATION**

- ★ *To promote the science of astronomy;*
- ★ *By fostering astronomical education;*
- ★ *By providing incentives for astronomical observation and research;*
- ★ *By assisting communication among amateur astronomical societies.*

ASTRO NOTES

Produced by the Astronomical League

Note 9: Tax Exempt Status

The following information is condensed from several publications and forms of the Internal Revenue Service, U.S. Department of the Treasury. Its intent is to provide preliminary information on the requirements and procedures for obtaining an exemption from federal income taxes for an amateur astronomical society. Complete information may be obtained by calling the IRS toll free at 1-800-829-3676 and requesting publication 557 (*Tax Exempt Status for Your Organization*) and Form 1023 (*Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*).

Section 501(c)(3) Organizations

Most astronomical societies obtain exemption under this section of the IRS code. An organization may qualify for exemption if it is organized exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition or prevention of cruelty to children or animals. The society must be a corporation or foundation. (Incorporation procedures vary state-to-state. Contact your Secretary of State's office for information on your state's requirements. You should also inquire about obtaining exempt status from any state income taxes.)

The society must be organized and operated exclusively for one of the purposes described above. No part of a society's net earnings may inure to the benefit of an individual. The society cannot, as a substantial part of its activities, attempt to influence legislation or participate in a political campaign for or against any candidate for public office. The society must obtain an employer identification number, even if it has no employees. Equivalent to a social security number for the society, the employer ID may be obtained using Form SS-4 .

If a society files Form 1023 and satisfies all requirements, it will be notified of its exempt status in writing. Contributions to an exempt society will be deductible as charitable contributions on the donor's federal income tax return.

Articles of Organization

The society's "articles of organization" is usually its corporate charter or articles of association. The articles must limit the society's purposes to those permitted as a 501(c)(3) organization and not expressly empower engaging in activities which do not further one or more of those purposes. These conditions are referred to as **the organizational test**.

Note that bylaws or other operating rules generally do not qualify as "articles of organization." Neither will officers' statements of intent satisfy the organizational test.

Educational and Scientific Activities

Since these are the usual qualifying activities of an astronomical society, further definition follows:

The term *educational* refers to instruction or training of individuals for the purpose of improving or developing their capabilities or the instruction of the public on subjects useful to individuals and beneficial to the community. Public discussion groups, forums, panels, lectures and demonstrations all qualify as educational activities. Many of these occur at regular society meetings.

Scientific organizations must show that the organization's research will be carried on in the public interest. This can be demonstrated if research results are made available to the public or if the research aids the scientific education of college or university students or is published in some form that is available to interested parties. Observations which are transmitted to AAVSO, ALPO, IOTA and similar organizations may qualify as scientific activities, particularly if the observations are gathered as part of a society's organized program, *e.g.*, coordinating grazing occultation observations.

Further Information

This brief introduction has only touched on the basic requirements for tax exempt status. It is believed to be accurate as of the time of this writing. The IRS publications referenced earlier contain much additional and up to date detail on qualifying and prohibited activities and on the specific procedures for application. Additional publications and forms are described which provide even more information.

If your society decides to pursue tax exempt status, your officers should obtain copies of these materials and study them thoroughly. The benefits of exemption make the effort well worth while, especially if your group needs to raise money for a special project such as an observatory or planetarium.

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