

GUIDELINES FOR FILING TAX RETURNS FOR USA CHAPTERS

Refer to the IRS website [Virtual Small to Mid Size Tax Exempt Organization Workshop | Stay Exempt \(irs.gov\)](#) or your Chapter CPA for all Tax Exempt Organization issues.

1. General US Federal Tax Filing Requirements for Chapters:

US based ASHRAE Chapters whose gross receipts are normally¹ \$50,000 or less are required to file a Form 990-N (e-Postcard) electronically (paper forms are not allowed). Chapters with more than \$50,000 but less than \$200,000 in gross receipts AND assets are less than \$500,000 are required to file a Form 990-EZ. Greater than \$200,000 in gross receipts is required to file a Form 990. Organizations that do not file the notice for three consecutive years will have their tax-exempt status revoked as of the filing due date of the third year. Society recommends hiring a CPA for bookkeeping and tax returns if required to file a Form 990-EZ or Form 990.

2. The dollar limits above are scheduled to change in future years. Check with IRS website for the latest information.

3. Filing date for Chapters with a July 1 – June 30 tax year is November 15.

Definition of Terminologies

- 1. Gross Receipts:** Defined as the gross amount received by the organization during its annual accounting period from all sources without reduction for any costs or expenses including the costs of goods or assets sold; cost of operation, expenses of earning, or collecting such amounts. Gross receipts include, but are not limited to, the gross amount received from contributions, gifts, grants and similar amounts; the gross amount received as dues or assessments from chapter members or affiliate organizations; the gross sales or receipts from business activities (whether or not it relates to your exempt purpose); the gross amount received from the sale of assets; and, the gross amount received as investment income.
- 2. Unrelated Business Income:** Defined as income received from a trade or business which is regularly carried on by the organization and is not substantially related to the performance by the organization of its exempt purpose or function except that the organization needs the profits derived from this activity. Examples of income from business unrelated to the chapter's exempt purpose include, but are not limited to, receipt of fees from member advertising in the chapter newsletter or proceeds of sale of items unrelated to ASHRAE business. (05-06-27-28)

¹ – An organization's [gross receipts](#) are considered to be \$50,000 or less if the organization:

- Has been in existence for 1 year or less and received, or donors have pledged to give, \$75,000 or less during its first tax year;
- Has been in existence between 1 and 3 years and averaged \$60,000 or less in gross receipts during each of its first two tax years; or
- Is at least 3 years old and averaged \$50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which calculations are being made).

Additional information can be found in the Manual for Chapter Operations (“MCO”) in Sections 1.5 – Treasurer, Section 4 – Finances, and Appendices 4A-4C.