



## Steps to Obtain Nonprofit/Tax Exempt Status

This sheet is intended as a general guide to help you get started on the road to nonprofit/tax exempt status in Oregon. If you have specific questions after reading it or while you are filling out the forms, give us a call at (503) 233-9240 or (888) 206-3076 toll free outside the Portland area. **There are answers to frequently asked questions (FAQs) about these steps on our website: [www.tacs.org](http://www.tacs.org). Click on [Resources](#), then [Helpline Online](#) to view the FAQs.**

- 1. Incorporation.** Go to [www.filinginoregon.com](http://www.filinginoregon.com), click the link to Business Registry Forms, and from that page, click the link to Nonprofit Articles of Incorporation, Form 112 and download the form. If you do not have access to the Internet, the Corporation Division will send a packet to you - call (503) 986-2200 and choose "0" for personal assistance after listening to the menu.

The fee for filing the Articles of Incorporation is \$50.00. There is an additional \$5.00 fee to receive a "Confirmation" copy of the Articles, which you must file with the IRS if you are planning to apply for tax exempt status. It takes about two weeks to complete the filing through the mail or you can go to Salem and file them in person.

- Filing of Articles of Incorporation will reserve your organization's name. No other form is necessary unless you plan to use an assumed business name such as an acronym.
- Articles of Incorporation may be filed by an attorney or any person involved in the organization that is incorporating.
- Most nonprofit corporations in Oregon must have a minimum of three board members.
- If you plan on applying for a bulk mail permit you need to include a short description of the organization's purpose under Article 5, Optional Provisions.

- 2. File a Form SS-4, Application for Employer I.D. Number (EIN)** You can download a copy of this form at the Internal Revenue Service website – [www.irs.gov](http://www.irs.gov). You can apply for your I.D. # by mail, fax, or phone. Call 1-800-829-4933 to apply by phone and receive your EIN immediately. It helps to download and complete the form prior to making the call. There is no fee.

- 3. Develop a set of Bylaws.** Nonprofit corporations are required to have bylaws, a document that lays out the roles of board members and procedures governing your organization. There is no printed form for bylaws. Sample bylaws for Oregon for both membership and non-membership corporations can be found in the *Oregon Nonprofit Corporation Handbook*, available at local libraries or at TACS.

Bylaws do not need to be filed with the Articles of Incorporation, but do need to be filed with the application for tax exempt status. (See Section 4)

Once you are incorporated as a nonprofit corporation you are subject to Chapter 65 of the Oregon Revised Statutes, Oregon requires you to file an annual report with the Secretary of State along with an annual fee, based on your budget size.

#### **4. Register with the Department of Justice Charitable Activities Section**

If you registered your nonprofit as a Public Benefit Corporation and plan to obtain tax-exempt status with the IRS, you must also register with the Department of Justice Charitable Activities Section. *If you registered as a mutual benefit or religious corporation, you do not have to register with the DOJ.* You can download the registration form RF-C from the DOJ's website: [www.doj.state.or.us](http://www.doj.state.or.us). Click on Charitable Activities to get the form. You will be required to file an annual financial report with the Department of Justice in Oregon. You can contact the Oregon Department of Justice at (971) 673-1880 to determine if your nonprofit will need to register and file annual reports.

As a nonprofit corporation, you are not tax exempt unless you take the additional step of applying for tax-exempt status with the Internal Revenue Service. Becoming a tax-exempt organization means you will be exempt from federal and state corporate income tax, federal unemployment tax and *possibly* from property or other local taxes. If you receive 501(c)(3) tax-exempt status, you will also be able to solicit tax-deductible charitable contributions and apply for grant funding from foundations and corporations.

#### **5. To apply for 501(c)(3) Tax Exempt Status you need to file a Form 1023.** You can order a Form 1023 Packet from the IRS at 1-800-829-3676. You should also order Form 8718, and Publication 557, *Tax Exempt Status for Your Organization*. There is a non-refundable filing fee for the 1023. If you anticipate your organization will generate or has generated during the first four years of operation a **total of \$40,000 or less** in gross receipts, the fee is \$300. If the anticipated/actual gross revenue is **more than \$40,000**, the filing fee is \$750. **Please note: Fees will increase to \$400 for organizations with gross receipts less than \$10,000 annually over a 4-year period, and \$850 for organizations with gross receipts that exceed \$10,000 annually over a 4-year period. The new fee will apply to applications postmarked after January 3, 2010.**

The IRS usually takes from two to six months to process each application. You can find out more about the timing of application review by going to the following helpful information page on the IRS website: <http://www.irs.gov/charities/article/0,,id=136201,00.html>

If you apply for tax-exempt status within 27 months of incorporation, your tax-exempt status will be retroactive to the date of incorporation.

The filing address for 1023 applications from Oregon is:  
Internal Revenue Service  
PO Box 12192  
Covington, KY 41012-0192

If you receive any correspondence from the IRS regarding your application be sure to respond within the time limit indicated, even if it is only to ask for additional time. If you fail to respond, your application file may be closed and you will have to re-apply and pay an additional filing fee.

*Listed below are some good written resource materials and helpful web sites:*

*Oregon Nonprofit Corporation Handbook*, Fourth Edition, 2005, by Cynthia Cumfer & Kay Sohl. This book is \$75.00 and \$9.00 Shipping, and may be purchased through our website at [www.tacs.org](http://www.tacs.org). It may also be available at your public library.

- Oregon Corporation Division forms can be downloaded at: <http://www.filinginoregon.com/forms/index.htm>.
- Oregon Department of Justice Charitable Activities Section forms can be downloaded at: <http://www.doj.state.or.us/ChariGroup/welcome2.htm>
- Information on tax-exempt organizations and IRS forms can be downloaded at <http://www.irs.ustreas.gov/formspubs/lists/0,,id=97401,00.html> . This site has forms you can fill in on-line and excellent tutorials and publications to help you maintain your tax exempt organization.
- For current regulations regarding laws governing nonprofits in Oregon you can obtain a copy of the Oregon Revised Statutes (ORS) Chapter 65. There is a charge of \$5.00 for this document. You may request the statutes by phone from the Oregon Legislative Council at (503) 986-1243. ORS Chapter 65 can be downloaded at <http://landru.leg.state.or.us/ors/065.html>
- The IRS now has a toll-free number dedicated to tax-exempt organizations. If you have questions about your application you can call (877) 829-5500.
- Be sure to visit the TACS web site at [www.tacs.org](http://www.tacs.org) for more information about our services and links to additional helpful sites.
- There is a good web site for information on completing the Form 1023, Application for Tax Exempt Status at <http://www.form1023help.com/>. The same person who put up this website has written a book on filling out Form 1023 that costs \$38.95. You can check it out at <http://www.501c3Book.com>.