



MEMO: EIN (Employer Identification Number)

There are many questions regarding EIN numbers and the CSL 501(c)(3) IRS Group Exemption, and how these two concepts interrelate .

What is an EIN Number?

An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number (FTIN), Federal Employer Identification Number (FEIN), Tax Identification Number (TIN) or Tax ID.

This is an identifying number that the U.S. Federal Government assigns to an entity to identify the business or organization.

The EIN is a 9-digit number (for example, 12-3456789) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities (including religious not-for-profits) for tax filing and reporting purposes.

We need your EIN number in order to include you under our 501(c)(3) "group" exemption. Below is some information that will help you to understand why and will help you to get one if you don't already have one. You can send it to Rev. Christine Jeffers at: cjeffers@csl.org or to Steve Burton at: sburton@csl.org.

Even if you are a Focus Ministry you need to have your own EIN. Without it, Centers for Spiritual Living can **not** include your entity/community on the "Group Exemption" form for the IRS to recognize you as a not-for-profit which can accept tax-deductible contributions under the umbrella of the Centers for Spiritual Living Group Exemption (see below). Should any contributor to your community request its EIN number for their records, you must give them the unique EIN assigned to your entity, **not** the EIN of Centers for Spiritual Living (CSL in IRS parlance is the "central organization," and your entity/community is known as a "subordinate organization").

Application process. The process for obtaining an EIN is easy. One option is to fill out and mail in IRS Form SS-4. Another option is to simply log onto <https://sa2.www4.irs.gov/modiein/individual/index.jsp> and complete the application online. An EIN assigned through Internet submission is immediately recognized by IRS systems.

What is a 501(c)(3) "Group Exemption"?

Recognition of exemption from federal income tax under section 501(c)(3) of the United States tax code may be obtained on a group basis for subordinate organizations affiliated with a central organization such as CSL. This procedure



relieves each of the subordinates covered by a group exemption letter of the necessity of filing its own application for recognition of exemption with the IRS.

To be eligible for a group exemption ruling, a central organization must first obtain recognition of its own exempt status, and our new “integrated organization,” Centers for Spiritual Living, has done this. CSL must now submit to the IRS (and update annually) information on behalf of those “subordinates” to be included in the group exemption letter (e.g., your entity/community).

One of the 14 separate IRS requirements for *any* subordinate to be included in the group exemption letter is specifically: ***each subordinate must have its own employer identification number (EIN).*** (These 14 requirements are all found under IRS Revenue Procedure 80-27, issued in 1980.)

Are you absolutely sure my community needs its own EIN number?

Yes. Quoting directly from the *IRS Tax Guide for Churches and Religious Organizations*:

- ***“Every tax-exempt organization, including a church, should have an Employer Identification Number (EIN), whether or not the organization has any employees.*** There are many instances in which an EIN is necessary. For example, a church needs an EIN (a) when it opens a bank account, (b) ***in order to be listed as a subordinate in a group exemption ruling,*** or (c) if it files any returns with the IRS (e.g., Forms W-2 or 1099).” [Note: if your community issues Form 1099 annually to any independent contractors, such as musicians, these Forms 1099 should use your community's unique EIN number, ***not*** the EIN number of CSL.]

Quote from the *2011 Church and Clergy Tax Guide* by Richard Hammer, JD, CPA:

- "Many pastors and church treasurers (erroneously) think their church has a special ‘tax exemption number’ confirming that it is exempt from federal income tax. ***This is not the case.*** While in some states churches have ‘tax exemption numbers’ for sales tax purposes, ***no corresponding number is issued by the IRS.*** The *IRS Tax Guide for Churches and Religious Organizations* notes that ‘the IRS does ***not*** assign a special number or other identification as evidence of an organization's exempt status.’"

Hopefully this helps to understand the difference between an Employers Identification Number (EIN) and the 501(c)(3) tax exempt status.

Please contact me with any questions.

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