



TAX-EXEMPT STATUS OF BOY SCOUTS OF AMERICA UNITS AND CONTRIBUTIONS TO UNITS

Frequently Asked Questions

Is our pack or troop considered tax-exempt by the IRS?

That depends on who sponsors your pack, troop, or unit. The only time a unit can be considered “tax-exempt” is if its sponsoring organization is also tax-exempt.

The BSA National Council grants a *charter* to schools, service clubs, religious organizations, businesses, etc. that want to sponsor a Scout unit. A unit is actually “owned” by its chartered organization. Chartered organizations vary widely in tax status, but the tax status of your unit is the same as that of your chartering partner.

Can our pack or troop be covered under the BSA’s group exemption?

No. The IRS only allows local councils (and council trust funds) to be included under the BSA group exemption. Packs, troops, and other Scout units cannot be included under the BSA group exemption because they “belong” to their chartering organization. (*Note: tax issues for Girl Scout troops are handled differently by the IRS because of how their cookie sales are structured*).

Does a pack or troop need its own tax identification number? If so, where do we get it?

All units need a tax ID number (also referred to as an “EIN” – Employer Identification Number). Units should NOT use the Social Security number of an adult leader. If they do, the IRS will attribute all banking transactions, unit purchases, etc. to that leader as an individual. Units may use the tax ID number of their chartering organization, if given permission. This may be especially useful for the unit if that organization is tax-exempt.

Most units obtain their own tax ID number by completing IRS Form SS-4. The current form and instructions are available on the IRS Web site – www.irs.gov. Also, the IRS now allows you to provide the information over the phone and immediately receive a unit EIN. The IRS “tax ID hotline” is 800. 829. 4933.

IRS Form SS-4 asks us for a “GEN.” What is that – and do we have one?

The “GEN” is the Group Exemption Number for the BSA. As discussed, only councils are covered under the BSA group exemption. Units cannot use this number. However, once your unit receives an EIN, the unit may still qualify for a number of state and sales tax exemptions as a non-profit organization under your state laws. Check with your own state – this varies widely across the country.

A volunteer suggested that our unit apply for its own tax-exempt status. Can we?

Units should not incorporate or apply for their own tax-exempt status. For one thing, units are not legal entities. Even if they were, this is an expensive and time-consuming process. But units are only permitted to raise funds through approved unit money-earning projects. Units could lose their charter if they tried to get their own tax-exempt status and solicit tax deductible gifts.

We can't solicit gifts for our unit?

No. Simply put, units are not permitted to solicit any gifts. Both the Charter and Bylaws and the Rules and Regulations of the BSA make this very clear – only local councils may solicit individuals, corporations, or foundations for gifts in support of Scouting. Units, unit leaders, and youth members may not solicit gifts in the name of Scouting or in support of unit needs and activities (except in unusual circumstances where the unit has received permission to do so from the local council). Units are also prohibited from soliciting gifts on their Websites.

Does that mean people can't make gifts to our troop?

Units are not supposed to solicit gifts, but they can receive gifts. Anyone can contribute to a Scout pack, troop, or unit and many donors don't need or care about charitable deductions. We understand that defining a "solicited gift" is not always easy. But we rely on our unit leaders to set good examples and honor the intent and spirit of these important guidelines. We also know that it's hard to stop people from being generous, especially towards Scouting.

Can gifts go to the local council to benefit our unit, then "pass through" the council to us?

No – your unit "belongs" to your chartering organization, not to your local council. IRS guidelines prohibit any charity from accepting gifts that are "passed through" to a person or unrelated entity. Your council could accept a gift in the name of your unit and hold it in a unit account. Your unit can "draw down" on the account for camp fees, uniform and supply needs, etc. (this is how colleges handle student scholarships). But you need to ask your local council if they have the staff and time to do this. This is entirely their decision.

My local company has employee volunteerism grants and they will contribute to charities where I volunteer my time. Can these gifts go to our unit?

Employee incentive awards and volunteerism grants usually can NOT go to a pack, troop, or unit, due to the company's giving restrictions. Corporate donations can only go to charities that are "501(c)(3) charities," and many units are not chartered by tax exempt charities. Also, many companies do not make gifts to religious organizations. If a unit is "tax exempt," it's often because it is chartered to a church, synagogue, etc. – so they couldn't receive corporate funds either. Of course, corporate awards and grants may go to any local council.

QUESTIONS? NEED MORE INFORMATION? PLEASE CONTACT YOUR LOCAL COUNCIL.

THANK YOU FOR ALL YOU DO FOR SCOUTING AND THE YOUTH IN YOUR COMMUNITY.