

Do's & Don'ts for Elk's Lodges
November, 2014

Sources:

IRS: irs.gov

State of Idaho: tax.idaho.gov or 1-800-972-7660

Grand Lodge Accounting & Auditing Manual

Outline

- I. Payroll Taxes
- II. Form 990 and 990-T (Federal Income Tax Reports)
- III. Information (Returns Form 1099's)
- IV. State Sales Tax

I am Marvin Chamberlain, a CPA, with over thirty-five years in practice. I have served as Treasurer, Trustee and Exalted Ruler in my local Lodge. I am also the Chairman of the Business Practices Committee for the ISEA.

This presentation is not intended to provide complete and comprehensive advice on the payment of all Federal, and State taxes or rendering all tax returns. The most effective way to stay out of trouble with the taxing authorities is to seek professional advice. Ask your auditor to review your practices for compliance with tax laws and regulations

I. Payroll Taxes: If you have employees use IRS Publication # 15, "Circular E, Employer's Tax Guide". In addition, you may find IRS Publication # 937, "Business Reporting, Employment Taxes, and Information Returns", helpful. Taxes must be paid and returns filed by specific due date or fines and penalties will be assessed.

Do withhold income and social security taxes from all employees (full or part-time).

Do report tips of over \$20 or more in a month and withhold income and social security taxes.

Do report FUTA and SUTA on a timely basis (annually and quarterly respectively).

Do pay the income tax and social security on a timely basis and file the Form 941. Quarterly if the balance is less than \$2,500 or monthly on the 15th of the following month. Use the EFTPS or you can be penalized.

Do file and pay the state withholding on a monthly or quarterly basis. (Form 910)

II. Federal Income Tax Reports: Form 990. If your gross receipts are less than \$50,000 then you may file 990-N (electronic postcard). From \$50,000

- \$250,000 and assets less than \$500,000 you may file Form 990-EZ. These are due on the 15th day of the fifth month after year-end. For most Lodges that would be August 15.

Do report gross receipts not just net income.

Do list all officers whether paid or unpaid.

Do indicate that the Lodge is exempt under 501(c)(8) on the front of Form 990 and enter Group Exemption No.1156. (Grand Lodge).

Form 990-T. Unrelated Business Income Tax. If you have UBI of \$1,000 or more you must file Form 990-T and pay the tax on the net income.

UBI includes advertising and leases or rentals. Bingo (if public is allowed) is regulated by the State. If workers as paid, even with only discounted food or beverages, the IRS considers it UBI.

Don't compensate your Bingo workers in any way.

Do monitor the advertising space in your bulletins. Too much and it's UBI.

III. Other informational returns Forms 1099: Payment of interest of over \$10 must be reported on Form 1099-INT. Payments of over \$600 for non-employees (bands, accountants, and etc) must be reported on Form 1099-NEC. Just a reminder that non-employees are not covered by Workman's Comp. Payments over \$600 from winnings or raffles, bingo or other legal games of chance must be reported on Form W-2 G.

Don't pay cash to cocktail help or keep track of payments.

Do review the IRS factors to determine employee status.

IV. Sales tax State Form 850: the State of Idaho's sales & use tax rate is 6%. In your bar operations the sales tax is generally included in the price of the drink. In a food operation it is added to the cost of the meal. Purchases made for resale should not be taxed. If they are enter an adjustment on the form. If there is a "suggested" donation sales tax must be collected. If you rent part of your facility to someone else, you may have to charge sales tax. If the renter is charging admission, no sales tax is due, but your records should show this. If there is no admission charge and the use is recreational you must charge sales tax. Types of taxable recreational use:

Receptions, family reunions, Card parties, bingo parties, Dances, Picnics or other meals, Sports activities, and sports competitions.

Examples of non-taxable: Business, Educational classes, Weddings, religious services and fraternal meetings.

Non-taxable items: Dues, advertising, raffle tickets, cash donations, car washes, entry fees, registration fees for conventions, fees for rental of non-recreational programs.

Are There any questions??