

STUDENT ORGANIZATION ACCOUNTS

HOW TO GET SETUP WITH A BUSINESS ACCOUNT

Setup Business Account at the IU Credit Union or an account of your choice

- You need an EIN to open a business bank account and for tax purposes
- Can apply for one online at <https://www.irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein>
- You will need an SSN to apply for a business account

IF YOU ARE SELLING MERCHANDISE

Must register with the state as a retail merchant

- If you engage in sales for 31 or more days during a calendar year, you must register as a retail merchant and collect sales tax of 7%

Sales Tax Exemptions for Nonprofits

- Please see www.in.gov/dor/5234.htm
- Each org will need to file to establish their tax status.
- Granting nonprofit status is done by the state.
- The IRS grants a federal tax-exempt designation (such as 501(c)(3)).
- In order to apply for federal tax-exemption, you need to be granted nonprofit status first.
- If you engage in activities that do not provide a financial profit you may be eligible for nonprofit or tax exempt status
 - Please see www.in.gov/dor/3968.htm if you are in this category
 - In order to have a sales tax exemption you must be recognized by the IRS as a nonprofit
 - Must file a Nonprofit Application for Sales Tax Exemption with Indiana
 - A nonprofit must also register with the state if it sells tangible goods for more than 30 days (sales tax) (Visit www.INBiz.in.gov).

Sales Tax

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Apply for tax exempt status on the IRS website

- If you think you may qualify for tax exempt status be sure you have been approved by the state before you apply for an EIN.
- Please see www.irs.gov/charities-non-profits/definition-of-an-association
- This site provides a step by step questionnaire to determine if an organization is eligible to apply for recognition of exemption of federal income taxation and if so, how to proceed.
- After this determination is made then the org may apply for an EIN.