

## Taxes, Money Handling and Bank Account Information

### Tax ID Numbers:

Some questions about sales tax exemption for units, Federal Identification numbers for units, use of the council's numbers, etc. have come up lately. We will try to answer them here.

First of all a Boy Scout Troop, Cub Scout Pack, Explorer Post, Venture Crew is not a legal entity. It is not a corporation. It is a group chartered by the Boy Scouts of America through the Hoosier Trails Council and its Charter Partner. Normally the Charter Partner is a corporation. The Council is a corporation.

Only corporations can have a Federal Identification number and can be tax-exempt. Units may not do these things.

In Indiana units can file for a sales tax number but the cost of filing, reporting (this goes on forever), etc. normally outweighs the value. Most of the time units may use the tax-exempt number of their Chartered Partner for major purchases such as camping equipment.

Purchases made from the Service Center by units or individuals are tax-exempt do to a part of the Indiana sales tax law. Purchases made at any other merchant including Boy Scouts of America are not tax-exempt.

National policy prohibits units or individuals from using the Council's tax exempt or federal identification numbers. In most cases using these numbers **would constitute fraud and could be prosecuted**.

Units or individuals using the numbers will certainly put their registration in the Boy Scouts of America at risk.

### Money Making Do's and Don'ts

Units must file a Unit Money Making Application for each fundraiser except the Council Popcorn Sales.

Now here are a few more things units and their members may not do:

- A. They may not own or inherit real estate.
- B. They may not solicit money from individuals, companies, foundations, United Ways, etc.
- C. They may not sell lottery tickets or chances (anything that has any appearance of gambling. Gambling is prohibited).
- D. They may not operate a band or orchestra for pay (a strange one).
- E. They may not endorse a company or a product – pancake supper – yes; Aunt Jemima Pancake Supper – no.
- F. They may not solicit funds for other organizations as well. No Salvation Army bell ringing in uniform.

But here are a few things units may do:

- A. They may sell products:
  - 1. In uniform if homemade or as a part of a council fundraising project (popcorn).
  - 2. Not in uniform all other times.
- B. May provide labor for pay in uniform like car washes, curb painting, etc.

The real point of all of this is that Scouts are to pay their own way. They do this by paying their dues and by work. Leader handbooks, charter and bylaws and Unit Money Making Applications provide more details.

### Opening a Bank Account

- A. An Employer Identification Number is required of units by financial institutions when a unit opens a checking or savings account and/or an interest-bearing account. The financial institution will report the income generated from this account on a 1099 form to the IRS on each account.
- B. Units need to file an SS-4 Form when they are not permitted to use the chartered organization's number.
- C. The tax-exempt status of the unit will be consistent with the tax status of the chartered organization.