

Local & State Taxes

- Even though your Chapter is tax exempt at the Federal level, you may still have a tax liability on a local scale (i.e. states, counties ect.). This tax is basically a percentage of your profit. You can contact the department in your state that is in charge of corporations to see whether you have tax exempt status as a corporation, and if so, whether or not you still have to file state taxes.
- Check with your state Department of Revenue or Secretary of State to determine whether or not you will need to obtain a state tax ID. Most small businesses without employees are not required to apply for a state tax ID. Some states, such as California, have stricter regulations and may require fraternities, college clubs and homes with a classified household worker to have a state tax ID. The IRS has created a database of all state government links for your convenience.
- Besides State and Local revenue taxes, your Chapter, or its housing corporation, is also responsible for paying local property taxes if you own the property you are housed on.
- Collecting Sales Tax: If your Chapter sells something at an event, do you have to collect sales tax? This is not an issue in states that don't have a sales tax. And in other states, your tax-exempt status may exempt you from having to collect a sales tax. You will have to check with your State Department.
- Paying Sales Tax: Many States limit sales tax exemption to non-profits that are classified as educational or philanthropic, and in these cases your Chapter may not qualify. However if you do, your state will give you a certificate allowing you to purchase services and goods tax-free.
- Keep in mind that the General Fraternity does not file any local or state taxes for its individual Chapters, and that it is your responsibility to do so. This is true for all Chapters regardless of your Chapter Accounting method (Billhighway, CPA, or Self-Reporting.) Please contact the Administrative Office at (1-800-800-2382), and ask for a member of the Business Operations Team if you have any further questions regarding tax status and filing.