

American Nuclear Society Tax Exemption

This article is for all local sections and provides lessons learned on how to obtain and retain tax exemption. The Internal Revenue Service (IRS) exempts certain organizations from paying tax on their income. Of the several permitted types of exemption, one, 501(c)(3), also permits donors to exclude contributions from their income for tax calculations. The American Nuclear Society is a 501(c)(3) organization which permits deduction of contributions. One half of the local sections also have 501(c)(3) exemption. You can check the status of your section by visiting the IRS.gov web site and searching for tax exempt organizations using the filter “nuclear” ([site](#)). The Savannah River Section recently applied for this exemption and received it after over a year and several rounds of additional questions from the IRS. This article presents some lessons learned.

The ANS exemption is based on a purpose of public education. The IRS readily gives credit for educational activities directed to anyone under the age of 18 or as part of another 501(c)(3) organization. This includes most schools, colleges, technical schools, etc. They are particularly interested in how our activities relate to our members and non-members. If you are giving basic scientific information to high school students, this is clearly a 501(c)(3) activity. On the other hand, if a local section has a meeting of members only to discuss how to improve a safety analysis, this is considered a 501(c)(6) activity. 501(c)(6) is a trade organization. These organizations do not have to pay taxes, but donations to the organization are not tax deductible. The IRS paid particular attention to our monthly technical meetings. They wanted us to show that they were of interest to the general public (not just engineers), open to the public, and that we made a significant effort to invite the public. We were able to satisfy the IRS by showing that more non-members were invited to our monthly technical meetings than members, and that we advertised the meetings in two local papers. The IRS is looking for more than 90% of the Section’s activities to be public education in order to obtain, and retain, 501(c)(3) status.

ANS requires local sections to adopt their Bylaws without change. They are written in accordance with 501(c)(3) requirements, and this

helped us get the exemption. The IRS also requires certain formalities which they will help you with such as establishing an Organizational Document (not charter).

To apply for 501(c)(3) exemption your organization fills out a PDF form (1023) from the IRS site (<http://www.irs.gov/>). There are many attachments required, such as bylaws. The key to obtaining approval will be in the supplemental information/attachments that are sent with the application. The application also requires either a \$400 or \$800 fee that is based on total section income for a year. Note that if you collect for meals at a restaurant and pay the restaurant, this must be included as income. However, note that if you pay nominal charges such as room rental, snacks, and speaker’s meal, this is allowed by the IRS.

The following is extracted from the final IRS letter asking for more information and gives a sense of what they expect in your application.

“Please submit a more detailed description of the following activities.

- a) *The monthly technical meetings*
- b) *Wine and cheese event*
- c) *Organizing educational projects*
- d) *Monthly dinners with speakers*
- e) *Any other projects*

In your description please do not merely describe the purpose of the organization. Rather describe the activities that your organization has or will initiate and/or participate in to fulfill your purpose. Your description should include the answers to the following basic questions.

- *What does the activity entail?*
- *Who conducts the activity?*
- *Where is the activity conducted?*
- *When is the activity conducted?*
- *How significant is the activity in relation to your total activities?*
- *Who may participate in the activity?*
- *How are the participants selected?*
- *Is there a fee for participation in the activity? If so, please provide a fee schedule*
- *How does the activity further your exempt purpose?*

- *Copies of your agenda and/or programs for your events.”*

If anyone wants help applying for 501(c)(3) status, contact the Savannah River Section (ans.savannahriver@gmail.com).

It is important for every section to file the annual Tax 990-N “e-Postcard” at IRS.gov. If it is not filed for 3 years, an organization loses its exemption. Although the IRS has a “streamlined” process to reapply, they will be looking hard at what records are kept, and what the actual activities are. One half of the organizations that have lost their exemption have not been able to get it back. It is also important for each Treasurer to pass on to the next Treasurer the IRS log-in information for the section.

In summary, it costs some money, requires the collection of information on your activities, takes about a year, but each section that is following the ANS Bylaws should be able to obtain this exemption.