**CoDA Service Conference __2011_**

**Motion # 4- TAX FAQ**

**Committee: SSC** **Date:____2011_____**

**Motion Number: (data entry purpose only):_____**

**Result (data entry purpose only):**

**Motion: to change the FSM/MSP FAQ section concerning tax information to:**

**Can our group use the CoDA Tax ID Number?**

**No. The CoDA Tax ID Number, also known as the Employer Identification Number (EIN) is not for use by any other level of CoDA except the corporate level.**

**Why? The Co-dependents Anonymous, Inc. EIN is specific to the corporation of CoDA. Having an "umbrella" tax status would require that each group submit information including identifying their officers. CoDA would then be responsible for the groups' financial reporting and financial activity. We would have to establish a system of controls over the finances of each CoDA group, intergroup/community, and Voting Entity or regional service board. We would have to ensure the use of all income solely for CoDA purposes and require regular reports to some central CoDA organization, which would account to tax authorities for the activities of Co-Dependents Anonymous, Inc.**

**All of this conflicts with our Traditions of anonymity, group autonomy and our concept of service. For this reason we recommend that each meeting group, intergroup/community, or Voting Entity organization that has need for a Tax ID Number/EIN should apply for their own.**

**How do we open a bank account and obtain a Tax ID Number?**

**In order for a CoDA group, intergroup/community, or Voting Entity organization to open a US bank account as a group entity, not just under the name of the treasurer, the bank usually requires:**

**1) A minimum balance.**

**2) A copy of the minutes of your business meeting that includes the name of your organization.**

**3) A list of all officers of the organization and anyone else who may be a co-signer on the account, including some form of ID such as driver's license and Social Security Number on each person.**

**4) A Tax ID Number/ EIN for the organization.**

**To apply for a Tax ID Number/EIN, contact the IRS to request Form SS-4: "Application for Employer Identification Number." You can order tax forms by phone at 1-800- TAX-FORM (1-800-829-3676.) Or you can get forms and information at the IRS website at www.irs.ustreas.gov**

**The IRS does not require you to be incorporated to get a Tax ID Number/EIN. It's a good idea to check**

**with a legal and/or tax professional in your state for more information.**

**The number should not be "loaned" or otherwise used by any other group, or person. For example, a CoDA intergroup/community should not allow individual meeting groups within that intergroup/community to use its EIN. The bank is responsible to report information to the Internal Revenue Service about certain types of activity in bank accounts, such as interest income and large currency transactions.**

**Accurate records must be maintained for all income and expenses. Whether a tax return is required or not, the group must keep accurate records that are available for inspection if requested by state or federal agencies. Examples of such records may include minutes of business meetings, any changes in officers, and financial records including receipts for rent and literature. For more regarding tax returns in the US, see the IRS website.**

**If you change your address after you receive your EIN you must notify the IRS of the new address. Use Form 8822, "Change of Address." If the group should ever close, the group officers need to notify the IRS in writing to cancel their Tax ID Number/EIN.**

**Alternatives to getting a Tax ID number/EIN for a bank account**

**Some groups use the social security number of the group's treasurer as the Tax ID for the group's bank account. A group may open a checking account, non-interest bearing, under**

**the treasurer's social security number with a Doing Business As (D/B/A) name on the account (such as "Sunrise CoDA"). While this could have tax implications for the treasurer, usually the balance of a group's checking account is so low that there is no problem. For more information on taxes see the IRS website.**

**Many meeting groups hold such a small amount of funds that they choose not to open a bank account. The group's treasurer holds the money in a coffee can or shoebox, or the group may keep the money in a locked file cabinet in their meeting location.**

## Tax Information

**A group, intergroup/community or Voting Entity organization that has a Tax ID Number/EIN and a bank account may need to deal with federal income tax and various state taxes. Most meeting groups hold very little money in their bank account, and even if it is an interest bearing account, it will usually not earn enough interest to require income tax payment, although you may need to file for state or federal purposes. Since tax laws are subject to change (including the minimum income required for paying income tax and filing requirements), we suggest you consult with a tax professional concerning what state or federal tax requirements apply to your group.**

**A group, intergroup/community, or state organization that is involved in the sale of literature or other items may be responsible for paying sales tax on those items. Most meeting groups either give away literature or accept voluntary donations for literature, in which case there is no concern with sales tax. However, if you sell things like literature, tapes, or tee shirts, such as at a workshop, then**

**Comment [DF1]:** This is repeating whagt is already said above

**you are responsible for keeping records of sales and collecting and paying sales tax. Again, if you are unsure how to proceed with sales tax, consult your state's website or an attorney or accountant for further help.**

**Tax-Exempt Status**

**CoDA groups are "non profit" but they are not automatically "tax-exempt".**

**Obtaining tax exemption status is an expensive and complicated process that involves legal obligations, controversy about Traditions, and ongoing responsibility. Most meeting groups (and even most intergroups/communities) operate with minimal funds, and contributions are generally done in cash anonymously at the meetings. Groups rarely have any tax liability and do not need tax exemption. Even when you consider the purchase of literature and other materials, the added taxes are minimal. So a tax-exempt status really wouldn't buy much at the local meeting level, and could also result in considerable paperwork by a meeting volunteer.**

**Large intergroups /communities or state CoDA organizations sometimes form corporations and get their own tax exemption. If a group is doing large conventions or has a large service office, it may be worthwhile to go through the process of obtaining tax-exempt status at the state and/or federal level. You may want to read IRS publication 557, "Tax-Exempt Status for Your Organization" and Form 1023 and its instructions. Your state may require a separate application for tax-exempt status.**

**Since tax exemption is complex and carries sizable legal responsibility, we encourage you to consult with legal and tax professionals who are familiar with the needs of small nonprofit organizations in your state when preparing your**

**corporation papers, filing for tax exemption, and maintaining your nonprofit tax reports.**

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**Intent:** **To clarify, simplify and streamline the wording in the fSM FAQ concerning Tax information.**

**Remarks:** **The present wording is verbose and confusing to read.**