Opening a Unit Checking Account

Every unit will eventually need to have a checking account. Sometimes this gets confusing for the newly organized unit because the bank demands a federal tax number (EIN) to open the account. DO NOT use your social security number; all income would be reported to the IRS under the applicant's individual Social Security number.

PLAN A

Due to the charter agreement and tax laws, Units are "subordinate" to your chartered partner. Some chartered partners are willing to allow units to use their tax number so their unit will be able to obtain a checking account. This is perfectly legal, but some chartered partners have concerns. If your chartered partner does not feel they can help you in this fashion, don't worry. Go to Plan B.

PLAN B

This is the best plan to follow when you are faced with the need for a checking account (the bank needs a federal tax number and your chartered partner doesn't feel they can help you accomplish the task). What follows are specific instructions for units (Packs, Troops, Posts) to complete IRS form SS-4. If you are opting for this approach it is important for the SS-4 Form to be carefully completed according to instructions provided on the reverse of the sheet.

IF YOUR CHARTERED PARTNER IS A BUSINESS, OR PTO GO STRAIGHT TO PLAN B.

How to apply for an EIN

Obtain IRS form SS-4 (Application for Employer Identification Number (EIN) , and use the instructions of the reverse of this sheet to complete.

http://www.irs.gov/pub/irs-pdf/iss4.pdf

Important. *Remember that the tax-exempt status of a pack, troop, or post is consistent with the tax status of the chartered organization.* The employer identification number does **not** provide tax-exempt status it provides identification!

We have the EIN but the Bank wants more! What do we do?

Your account is considered a commercial account and the bank employee may not be accustomed to commercial accounts or has not dealt with unit accounts. They may ask for articles of incorporation, bylaws, list of officers, etc. Just explain that this is a unit account for Scouts and all that should be needed is the EIN. If your explanation is not accepted please ask to speak with the branch manager or officer within the bank that can help render a decision.

Instructions. Please review the IRS instructions completely and follow the specific BSA instructions as follows:

Line 1 – Name of chartered organization (legal name of applicant) and unit designation; e.g.: First United Methodist Church Pack/Troop 151.

Line 2 – Normally not applicable

Line 3 – "Care of" name (Unit treasurer, committee chairman, or chartered organization representative).

Lines 4, 4a – Mailing address, city, state, ZIP code.

Line 5 and Line 5a – Address, if different from Line 4.

Line 6 – County and state.

Line 7a, 7b – Name of principal officer, grantor, or general partner (use chartered organization representative or committee chairperson, and their tax ID number. *Please Note: If you do not have the CO's EIN, leave it blank*).

Important. Before you fill in *Block 8a, Type of Entity*, remember that the national office issues charters directly to local chartered organizations and not to units. Units should ask *their chartered organization* for permission to use their EIN if at all possible.

Block 8a Type of Entity – Most units will check one of three boxes:

a. "Church or church controlled organization", if chartered organization fits this description.

b. "Other nonprofit organization (specify)", if unit is chartered to a nonprofit organization other than a church.

c. "Other (specify)", if chartered organization is not a church or other nonprofit organization – just put Boy Scout troop, Cub Scout pack, etc.

If your unit's chartered organization has a GEN (Group Exemption Number) that the unit is permitted to use, put that number in this section. Note, however, that the **Group Exemption Number used by BSA local councils may not be used by a unit**.

Line 9 – Check appropriate reason (one only) for applying. Most units will check banking purpose (specify) interest account, etc.

Line 10 – Leave blank.

Line 11 – Enter closing month of unit accounting year (*most units will use charter expiration month*).

Line 12 – Leave blank.

Line 13 – Leave blank.

Line 14 – Check "Other" and put "Youth program character development" or similar statement.

Line 15 – Put "N/A"

Line 16a – Check appropriate box.

Lines 16b and c – As needed or leave blank.

Third Party Designee – Give name and unit position of the contact person, such as the chartered organization representative or committee chairman.

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You will receive a letter from the IRS that includes your organization name and address, and your EIN. You also may receive other forms, such as Form 1023, *Application for Recognition of Exemption*, under Section 501(c)(3) of the IRS code.

Your units should use Form 1023 to apply for recognition of exemption, only if absolutely necessary, for example, where the CO will not allow the not allow the unit to use its EIN or GEN on the application, or if the CO is not itself recognized by IRS as an exempt organization. Among other reasons, this is due to the normally prohibitive cost, and the requirements for your unit to adopt articles of incorporation and provide a substantial amount of information with the application, annual Form 990 or notice filings, minutes of meetings, many other compliance items, with exposure to penalties for non-compliance.

Filing Options

If you are filing by mail it will take 30 days turnaround.

The mailing address for Ohio is:

Internal Revenue Service
Attention: EIN Operations
Cincinnati, OH 45999

You may Fax the SS-4 you will probably experience a 5-day turnaround. Be sure to request a Fax back. The Fax number is 859-669-5760.

"Complete" Form over the phone, and receive your EIN immediately. Call 1 (800) 829-4933.