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S-Anon Group Banking Information Summary

The S-Anon World Service Office (WSO) Tax ID is for WSO use only. It cannot be used by individual S-Anon groups or Intergroups per our corporate non-profit charter.

Here's some summary information on banking for S-Anon groups in the US. We strongly encourage S-Anon groups and service committees contact a licensed local tax professional for advice on these matters.

Please keep in mind that the information relates solely to US federal rules. This information does not extend to state regulations; groups should separately investigate those for their appropriate jurisdiction.

Group Checking (Demand Deposit) Accounts

Many S-Anon groups decide to use a bank checking account to help manage and protect the S-Anon funds they collect. While this commitment to accountability is commendable, proper diligence should be exercised when a group decides to open a bank checking account.

Such accounts typically require an Internal Revenue Service (IRS) tax identification number. Two different numbers might be used for this purpose: an individual's Social Security Number (SSN) or an Employer Identification Number (EIN) for groups and entities other than individuals.

If an individual's SSN is used to open an account, he or she will be held responsible for the financial activity of that account regardless of whether he or she has knowledge of or has participated in the checking account activity. Also, the funds in the account may be considered the personal funds of the individual whose SSN is on the account, and in some cases may be accessed by that individual as long as that SSN is on the account. For these reasons, it may be prudent that groups in the US use an IRS federal EIN to open a checking account.

Employer Identification Number

The Employer Identification Number (EIN), also known as a federal tax identification number, is used by the IRS for identification purposes. If your group is interested in acquiring an EIN, you will need to apply to the IRS using Form SS-4.

Tax Liability

Whether an S-Anon group must file a tax return depends on how much money they receive each year. We suggest checking with a licensed local tax professional for advice on how to best meet your IRS reporting obligations, if any.

Nonprofit Organizations

A nonprofit organization is one that, when it generates income in excess of expenses, does not use that excess in ways that personally "profit" its members or directors. For example, if a group collected \$1,000 during the year and actually spent only \$900, the group would not divide the leftover \$100 among its members. While S-Anon groups practice the principle of being nonprofit, the legal status of an S-Anon group is a different matter. Such status is discussed further in the next section.

Tax-Exempt Status

Acquiring an EIN and securing tax-exempt status are two **very** different things. An EIN can be obtained relatively easily; tax-exempt status is a much more complex endeavor. Typically, tax-exempt status is achieved as part of the process of becoming a 501C-3 corporation. This sometimes-costly process of incorporating requires formal, detailed reporting and financial accountability to the IRS and state agencies on an ongoing basis. For these reasons, we strongly recommend discussing the topic with a licensed tax professional familiar with not-for-profit and tax-exempt entities.

State Sales Tax

Many states require consumers to pay a tax on goods and services purchased or used in their states. Typically, S-Anon groups must pay these taxes. Those groups who have secured 501C-3 status may check with their state tax agency for the application of this tax in their state.