



Getting an EIN from the IRS

By Carol L. Topp, CPA

Many homeschool organizations find they need to open a checking account for their group expenses. The bank or credit union will ask for an EIN, Employer Identification Number. This number is similar to a Social Security Number for a business or nonprofit organization. It's actually misnamed. You don't need to be an employer to obtain an EIN. They are offered for free by the IRS.

Sometimes a leader opens a checking account and uses her Social Security Number (SSN). This is not recommended. If a personal checking account is used for handling the homeschool organization's business, the cash in it could be seen as the leader's *personal* income in the eyes of the IRS. I'm sure she doesn't want that! Additionally, an unpopulous leader could run off with the money that is the organizations and there is nothing the organization can do about it!

Before you get an EIN.

Before you get an EIN, you must first properly and legally form a legal entity. The IRS puts it like this: *"If you believe your organization qualifies for tax exempt status (whether or not you have a requirement to apply for a formal ruling), be sure your organization is formed legally before you apply for an EIN."*¹

To legally form a nonprofit organization you need three things:

1. A board of at least three people (preferably unrelated).
2. Bylaws which explain the mission and structure of the organization. If you don't have bylaws. Sample bylaws are available at HomeschoolCPA.com/Samples
3. An "organizing document" which would be either Articles of Incorporation (highly recommended and most common) or Articles of Association for an unincorporated association. Articles of Incorporation are filed in your state, usually the Secretary of State office. Most states have a form for you to use. Sample Articles of Incorporation or Articles of Association are available at HomeschoolCPA.com/Samples.

I compare forming a new organization to birthing a baby. Only after the baby is born can you apply for a SSN. The same is true for birthing a nonprofit organization. First the

¹ Source: <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

“baby” nonprofit must be born by a board drafting bylaws and filing Articles of Incorporation with their state. Then the baby nonprofit can apply for an EIN.

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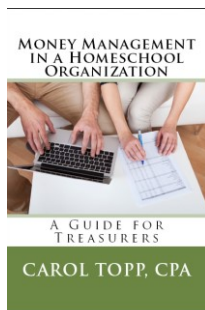
Go to www.irs.gov/taxtopics/tc755.html for more information on the EIN. The IRS uses [Form SS-4](#). I highly recommend you look it over carefully. Keep a copy for yourself.

To get your EIN quickly, apply on line by going to the IRS Online EIN service at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

After all validations are done you will get your EIN immediately upon completion. You can then download, save, and print your EIN confirmation notice.

EIN Tips:

- Under Type chose “View Additional Types” and then “Other Nonprofit/Tax Exempt Organizations.” Educational organizations (which is what homeschool groups are, falls into this category).
- Under “Reason for applying,” check the box “Banking purposes”
- The “Responsible party” is the person who exercises ultimate effective control over the entity. This is any one of the officers (Chair, Secretary or Treasurer). Some people are concerned about giving their Social Security Number to the IRS. This does not tie your personal taxes to the homeschool organization. It’s just the IRS’s way to be certain a true, living human being is applying for the EIN. The Responsible party can be changed in the future by filing IRS Form 8822-B.
- Your name on the EIN must match your legal name chosen when you filed Articles of Incorporation with your state’s Secretary of State.



If you have questions about applying for an EIN or the Form SS-4, read the chapter on “Checking Accounts Done Right” in my book [Money Management in a Homeschool Organization](#)

If you have questions about setting up or running your homeschool organization, visit HomeschoolCPA.com or consider a [private phone consultation](#) with me.

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