



Getting an EIN from the IRS

By Carol L. Topp, CPA

A Checking Account

Once a homeschool organization is above five families they may have expenses like postage, printing, materials, events and even rent. I would then recommend opening a checking account. Sometimes a leader opens a personal checking account to save on bank fees. I do not recommend this. 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! Not to mention, she is being less than truthful to the bank by opening a personal checking account when there truly is an organization operating.

Most banks offer *free* checking to nonprofit organizations. Your bank may ask for your organization to get a "Employer Tax Number" (or they may call it a "Tax ID number" or even an "IRS ID number"). It is officially called an Employer Identification Number (EIN). This number is similar to a Social Security Number for a business or organization. Even though your organization may have no employees and no business with the IRS, you need to get IRS Form SS-4 to obtain an EIN.

Getting an EIN from the IRS

Most banks and all state governments require your organization to get an EIN (Employer Identification Number) from the IRS. Now, don't panic here. This is not Big Brother attempting to control your group or limit home school freedoms. An EIN is sort of like a social security number for businesses. It's actually misnamed. You don't need to be an Employer to obtain an EIN. They are offered for free by the IRS. (Go to www.irs.gov/taxtopics/tc755.html for more information on the EIN)

To get your EIN go to www.irs.gov and Search for "EIN". You can fill in the SS-4 on-line or print it out for mailing. Keep a copy for yourself. If you're in a hurry, you

can apply by telephone (call the IRS at (800) 829–4933), fax or on-line for an EIN.

One tip: under “Reason for applying”, check the box “Banking purpose”. Another tip: under “Type of Entity”, check “Other Nonprofit Organization and put “Educational Organization” in the blank. Last tip: Choose your name very carefully! This may be the first time you pick an official name. Pick something unique. You can do a name search on the internet and your state’s Secretary of State’s website to see if the name is already being used.

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