

TO: Local Councils and Unit Leaders

FROM: Finance Support Division, BSA National Office

This to clarify the federal tax status of Boy Scout packs, troops, and other units. The IRS recognizes the Boy Scouts of America National Council as tax exempt under IRC Section 501 (c)(3) and this **tax exempt status extends only to BSA local councils and their trust funds. It does not extend to or include Scout packs, troops or other units.** Scout units are not considered subordinate organizations of the BSA, they are not included within the BSA group exemption, and they are not entitled to use the BSA's Group Exemption Number ("GEN").

Units must either obtain their own employer identification number ("EIN") using IRS Form SS-4, or use the EIN of their chartering organization. Units may not use the EIN of a BSA local council or the BSA's GEN for purposes of gifts, federal taxes, or other related purposes. However, merely receiving an EIN does not imply tax exempt status. If a unit's chartering organization is tax exempt, and the unit is allowed to use *their* EIN (or the unit's EIN is included under *their* group exemption), the unit may be considered tax exempt as a subordinate of that organization. "Unit" gifts may then be tax deductible as gifts to the chartering organization.

Gifts designated for a specific unit cannot be given to a local council with the expectation that those funds will pass through the council to the unit. This include gifts received from corporate charitable incentive plans and employee matching grants programs. Councils may hold funds in a unit account for things such as camperships at the council's camp or program-related items and awards. However, each local council is free to choose whether it will, or will not, create unit accounts due to the added staff burden and expense it creates for the council.

Units should not incorporate or apply for their own independent tax exempt status either. Article XI of the BSA Charter and Bylaws states that "Contributions shall be solicited in the name of the Boy Scouts of America only through or by the authority of the Corporation and shall be limited to the National Council or chartered local councils...". The BSA Rules and Regulations vests in each council the power to "control the raising and expenditure of all funds for local Scouting work in their jurisdiction." As such, attempting to incorporate a Scout unit as a separate tax exempt entity is strongly discouraged as a potential conflict with BSA rules and bylaws.

We hope this information is helpful, and thank you for all you do for Scouting.