



REQUIRED Tax Returns

Lisa A. Ritter, CPA, CFE
Partner, Maher Duessel

Each district and local dental society is required to file an annual tax return. The return must include an Employer Identification Number (EIN). If your dental society does not have an EIN, go to www.irs.gov to obtain one or call (800) 829-4933 to apply by phone. You can call the IRS at that same phone number if the dental society EIN has been misplaced.

The type of annual return to be filed is dependent on whether the dental society has obtained tax exempt status from the IRS, and the amount and type of income earned.

Tax exempt dental societies must file form 990N, 990EZ or 990. Dental societies whose annual gross receipts are normally \$50,000 or less may file a Form 990-N. This is a simple return that can be filed online, and only includes very basic information such as organization name, EIN and address.

Dental societies whose gross receipts are \$200,000 or less and whose total assets are less than \$500,000 may file a Form 990EZ. This form contains financial information as well as information about the activities of the dental society and may require professional assistance.

Dental societies that exceed the \$50,000 threshold for filing Form 990N or 990 EZ must file Form 990. Form 990 includes financial information, information about the dental society's activities and governance policies and may require professional assistance to complete.

Tax exempt dental societies that earn income from sources **unrelated** to their tax exempt purposes, such as from advertising, must file Form 990T in addition to Form 990, 990EZ or 990N. Net income from unrelated business income is taxed at the corporate tax rate.

To file for tax exempt status, a dental society must complete Form 1024, be organized as a corporation or association and must have related organizing documents. The application must be submitted with a fee of \$400 if gross receipts are less than \$10,000 or \$850 if gross receipts are greater than \$10,000. Dental societies that are granted tax exempt status will not have to pay tax on income related to its exempt purpose, such as income earned from dues and continuing education, or income from royalties. If most of a dental society's income is from these sources, it will benefit from filing an application for tax exempt status.

Form 1024 requires detailed information about the dental society's activities and operations as well as financial data. A copy of the form can be downloaded at www.irs.gov/pub/irs-pdf/k1024.pdf. Dental societies that wish to obtain a sample completed Form 1024 that can be customized should e-mail the PDA at seh@padental.org.

Dental societies that have not obtained tax exempt status must file Form 1120 and pay tax on their net income at the federal corporate rate. The current rate is 15 percent on the first \$50,000 of taxable income. The corporate tax rate on taxable income above \$50,000 scales up from 15 percent, with the highest rate being 35 percent.