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## Tax Exempt Status

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“Tax exempt status” means the association is exempt from federal income taxes as explained under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

As a benefit of tax exempt status, USBC associations:

- Are exempt from federal income taxes (business related revenues cannot be taxed).
- Are not required to pay federal unemployment taxes.
- May be entitled to exemption from state and local sales and use taxes (check with the State Department of Revenue).
- May be exempt from property taxes on equipment and real estate (check with the State Department of Revenue).
- May apply for a bulk-mailing permit from the United States Postal Service.
- Are allowed to accept contributions in the form of gifts – donors can deduct the contribution on their tax return.
- May be able to obtain a gaming license or permit from the state government office to conduct gaming events for charitable causes.

The IRS grants this favorable status, and has the authority to revoke the status should an association commit specific infractions. For example, it is critical that associations continue to abide by the national organization’s purpose as stated in the USBC Bylaws. Please refer to Article III of the USBC state and/or local bylaws, which highlight USBC’s purpose. If an association fails to meet this condition, the IRS may revoke the tax exempt status.

As outlined in the *USBC Association Policy Manual*, an association must maintain its tax exempt status in order to maintain its charter.