



Tax-Exempt Status

“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 generally exempt from federal and state income taxes (income from a trade or business unrelated to the exempt purposes of the association will be subject to tax).
- 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 be eligible to apply for certain grants that are only available to tax-exempt organizations.
- May apply for a bulk-mailing permit from the United States Postal Service.
- Are allowed to accept charitable 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 operate in a manner consistent with 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.