

# STUDENT ORGANIZATION ACCOUNTS

## HOW TO GET SETUP WITH A BUSINESS ACCOUNT

### Setup Business Account at the IU Credit Union or an account of your choice

- You need an EIN to open a business bank account and for tax purposes
- Can apply for one online at <https://www.irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein>
- You will need an SSN to apply for a business account

## IF YOU ARE SELLING MERCHANDISE

### Must register with the state as a retail merchant

- If you engage in sales for 31 or more days during a calendar year, you must register as a retail merchant and collect sales tax of 7%

### Sales Tax Exemptions for Nonprofits

- Please see [www.in.gov/dor/5234.htm](http://www.in.gov/dor/5234.htm)
- Each org will need to file to establish their tax status.
- Granting nonprofit status is done by the state.
- The IRS grants a federal tax-exempt designation (such as 501(c)(3)).
- In order to apply for federal tax-exemption, you need to be granted nonprofit status first.
- If you engage in activities that do not provide a financial profit you may be eligible for nonprofit or tax exempt status
  - Please see [www.in.gov/dor/3968.htm](http://www.in.gov/dor/3968.htm) if you are in this category
  - In order to have a sales tax exemption you must be recognized by the IRS as a nonprofit
  - Must file a Nonprofit Application for Sales Tax Exemption with Indiana
  - A nonprofit must also register with the state if it sells tangible goods for more than 30 days (sales tax) (Visit [www.INBiz.in.gov](http://www.INBiz.in.gov)).

## Sales Tax

- If you engage in sales for 31 or more days during a calendar year, you must register as a retail merchant and collect sales tax
- If you engage in activities that do not provide a financial profit you may be eligible for nonprofit or tax exempt status
  - Please see [www.in.gov/dor/3968.htm](http://www.in.gov/dor/3968.htm) if you are in this category
  - In order to have a sales tax exemption you must be recognized by the IRS as a nonprofit
  - Must file a Nonprofit Application for Sales Tax Exemption with Indiana
  - A nonprofit must also register with the state if it sells tangible goods for more than 30 days (sales tax) (Visit [www.INBiz.in.gov](http://www.INBiz.in.gov)).

## Apply for tax exempt status on the IRS website

- If you think you may qualify for tax exempt status be sure you have been approved by the state before you apply for an EIN.
- Please see [www.irs.gov/charities-non-profits/definition-of-an-association](http://www.irs.gov/charities-non-profits/definition-of-an-association)
- This site provides a step by step questionnaire to determine if an organization is eligible to apply for recognition of exemption of federal income taxation and if so, how to proceed.
- After this determination is made then the org may apply for an EIN.