

Federal Employer Identification Number (F.E.I.N. or E.I.N.) Questions & Answers

1. **What is a Employer Identification Number?** The EIN is a number, issued by IRS, that identifies an organization in the same way that a social security number identifies an individual.
2. **Should churches have an EIN?** Yes, all churches should have an EIN whether or not the church has any employees.
3. **How is the EIN used?** An EIN is required for: 1) opening bank accounts, 2) processing payroll, 3) receiving certain contributions and estate gifts, 4) applying for VA Sales Tax Exemptions, 5) obtaining bulk mail permits, and 6) obtaining verification of tax-exempt status from GCFA (see #10).
4. **What does the EIN look like?** The FEIN is a 9-digit number separated by the first two digits (00-0000000).
5. **Do the numbers have a special meaning?** Generally, the first two digits indicate the state: (54-_____) has been used for Virginia. However, in recent years and the future, the first two digits may be different.
6. **How does the church determine if it already has a number?** Filing payroll reports and deposits with IRS requires a EIN. Banks require an EIN for organizations or a Social Security # to open a bank account. Check to see what the bank has on file. The Virginia Conference has discovered instances where local churches have used the Conference EIN. If you suspect that to be the case, contact the Conference Treasurer as soon as possible.
7. **How does the church obtain a EIN?** An organization that does not have an EIN should file Form SS-4, *Application for Employer Identification Number*. The application may be filed on-line, by phone, or by mail.
8. **What should be done if an application for an EIN is denied because another church is using the same name?** Add something to the name to make it unique like the name of the town, township, county, etc.
9. **Does the configuration of the EIN indicate the ‘tax-exempt’ status?** No, the number just identifies the organization.
10. **Does the United Methodist Church have a group ruling?** Yes. Churches are automatically tax-exempt under Section 501(c)3 of the Internal Revenue Code. Therefore, most of the U. M. churches across the U. S. do not file for verification of their own tax-exempt status. However, in 1974, the General Council on Finance and Administration (GCFA) of the U. M. C., filed for and was granted a Group Ruling Letter which verifies that all United Methodist Churches are tax-exempt under Section 501(c)3. Churches may contact GCFA for a personalized letter verifying their church tax-exempt status.

- 11. What other special tax rules apply to churches?** Churches are also exempt from the Federal Unemployment Tax Act (FUTA) and are not required to file Form 990. However, if churches have received unrelated business income during the year, they must file Form 990T. Beginning January 1, 1984, generally all employees of UM churches are covered by social security. Therefore, the language in the 1974 Group Ruling Letter exempting churches from social security is out of date and should not be followed.
- 12. Is there a public listing of tax-exempt organizations?** Yes. The IRS maintains a list; however, most U. M. churches are not on that list. Under the IRS Group Ruling, the U. M. C. must maintain the list. This is the primary reason why local churches must provide their EIN to the Annual Conference who in turn provides them to the General Council on Finance and Administration. The Conference and GCFA check to determine if churches are using the same EIN.
- 13. Can churches use the same EIN?** No. If one church of a charge processed the payroll for the other church(es), the payroll could be processed on the EIN of the church processing the payroll; however, all the churches still must have an EIN. Another possibility for charges with a separate charge treasurer with separate books and bank accounts is to apply for a separate EIN for the charge.
- 14. How does the local church provide proof of the tax-exemption?** When proof is required, contact the Conference Treasurer's Office and a copy of the Group Ruling will be furnished. On seldom occasions, the bank, post office, or other agency requiring proof does not accept the U. M. Group Letter. If that happens the local church may submit a simple form to the GCFA, who will issue a personalized letter with the local church name, address, and EIN.
- 15. What about organizations such as a day-care within a church?** If the organization is completely owned and operated as a mission of the church, it would be under the same EIN and the U. M. Group Ruling. If not, the organization may need a separate EIN and possibly a separate tax-exemption. Check with the District Superintendent or Conference Treasurer.
- 16. What are some IRS references?** IRS Publication 1828 - Tax Guide for Churches and Religious Organizations, IRS Publication 557 - Tax-Exempt Status for Your Organization, IRS Publication 526 – Charitable Contributions. Download from www.irs.gov