



TAX EXEMPT STATUS FOR 4-H CLUBS & AFFILIATED 4-H ORGANIZATIONS

As the parent organization for the National 4-H Group Exemption (GEN 2704), National 4-H Headquarters-USDA with the Internal Revenue Service (IRS) have determined that chartered 4-H Clubs and formally recognized Affiliated 4-H Organizations *under the control of Cooperative Extension* are eligible for inclusion as a subsidiary of National 4-H special exemption from federal income tax under the provisions which *correspond* to section 501(c)(3)* of the IRS Code. This means that:

- ✓ Formally authorized 4-H groups are exempt from paying federal income tax on funds raised on behalf of 4-H, or to support educational programs; and
- ✓ Donors may deduct contributions to 4-H clubs and affiliated 4-H organizations such as: bequests, legacies, devises, transfers, or gifts as applicable under the IRS Code.

The tax exempt status addresses only federal income tax and does not provide exemption from any state or local taxes, such as hotel tax, property tax, sales tax, or other taxes. While some states have granted certain tax exemptions for some youth organizations such as 4-H, the majority have not. Please check with your state or local taxing authority for information related to potential exemptions. There has also been some confusion since most Cooperative Extension and 4-H educators are public employees and are exempt from sales tax, it has sometimes created the impression that 4-H clubs or volunteers are automatically exempt from sales tax. The exemption for public employees does not automatically extend to clubs and volunteers.

DEFINITION OF A 4-H ORGANIZATION QUALIFIED TO BE A SUBSIDIARY

Any organization that functions for the purpose of furthering 4-H objectives and programs, and that has been formally authorized to use the 4-H Name & Emblem by the appropriate representative of the Cooperative Extension Service. This includes, but is not limited to, local 4-H Clubs; county, regional or State 4-H Councils; county, regional or State 4-H Committees; and 4-H leader associations. It may also include county, regional or State 4-H Foundations and authorized 4-H camps and training centers, when they operate under the guidance and control of Cooperative Extension; and funds authorized to use the 4-H name and which expend funds exclusively for 4-H purposes.

1. An important note is that for a 4-H group to be included as a subsidiary, according to the IRS, they must be under the guidance and control of Cooperative Extension. This means that affiliated groups that function under the authority of their own Board of Directors or other authorities would not qualify for inclusion and should establish their own tax exempt status.
2. Families – the IRS does not recognize a single family group as a qualified subsidiary for inclusion under the national 4-H GEN.

Inclusion of independent groups or families under our National 4-H GEN potentially jeopardizes the special tax exempt status continuing to be granted by the IRS to the 4-H program.

For a 4-H Club or Affiliated 4-H Organization to be eligible for inclusion under GEN 2704, the group must be officially recognized either through the official charter or other appropriate mechanism and under the control of Cooperative Extension. This means that affiliated groups with which a Land Grant University has a Memorandum of Understanding, and are under the control of an independent board or other entity, would not qualify for inclusion and should establish a separate 501(c)3 status.

See the [Request for Inclusion & Certification of 4-H Groups Under National 4-H Tax Exempt Status Fact Sheet](#) for steps 4-H Clubs & Affiliated 4-H Organizations, and their State 4-H Program Offices, take to request inclusion under GEN 2704 through National 4-H Headquarters. This and other fact sheets are at <http://www.national4-hheadquarters.gov>. **Questions?** Contact your State 4-H Program Office, or National 4-H Headquarters at USDA at (202) 720-2908 or 4-H_tax_info@csrees.usda.gov.

* As an entity of the Federal Government, National 4-H Headquarters, and consequently, National 4-H, has not been classified as a 501(c)3 entity but has been given a unique exemption that is similar in scope. As a result, not all policies or privileges of 501(c)3 entities apply to National 4-H.

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