

IMPORTANT INFORMATION FOR ALL DISTRICTS AND CLUBS SUBJECT TO UNITED STATES TAX LAWS

RE: DISCLOSURE STATEMENT

The Internal Revenue Code requires that any fundraising solicitations including member assessment and dues invoices by or on behalf of various tax exempt organizations, including those formed under Internal Revenue Code Section 501(c)(4), such as Lions districts/clubs, must include an express statement that contributions or gifts to it **are not deductible as charitable contributions**. You may find further information on Section 10701 (Sections 6113 and 6710) of the Omnibus Budget Reconciliation Act of 1987 (OBRA) in “Notice 88-120, 1988-2 C.B. 454” on the IRS website at www.irs.gov.

Please note that a Lions district or club may establish a separate foundation, operated and controlled by the district/club, with purposes properly stated, which would be sufficient to secure federal income tax exemption under IRS Code Section 501(c)(3). Such an exemption would qualify a contributor’s donation as tax deductible to the extent allowed under the law.¹

GUIDELINES FOR DISTRICTS/CLUBS NOT REQUIRED TO USE THE DISCLOSURE STATEMENT

Solicitations by Lions districts or clubs, with annual gross receipts that do not normally exceed \$100,000, are excluded from this requirement, if less than 25% of the annual gross receipts goes to Lions Clubs International.

In determining whether an organization has annual gross receipts that do not normally exceed \$100,000, the IRS will generally follow a three year average as the basic rule. The district/club must include the required disclosure statement on all solicitations made more than 30 days after reaching \$300,000 in gross receipts for the three year period of the calculation. For example, if on July 1 of the third year of a calculation (for a district/club with a calendar year accounting period) the district/club reaches \$300,000 in total gross receipts for the prior two years and the first six months of the third year, it must include the required disclosure statement on all solicitations no later than August 1. A district or club with gross receipts under \$100,000 must include the disclosure statement in its solicitations, if 25% or more of the money solicited will go to Lions Clubs International.

GUIDELINES FOR CLUBS REQUIRED TO USE DISCLOSURE STATEMENT

If your district/club has gross receipts normally totaling more than \$100,000 or if its gross receipts are normally less than \$100,000, but 25% or more of its gross receipts are remitted to Lions Clubs International, your club must use one of the following statements: “Contributions or gifts to the _____ Lions district/club are not deductible as charitable contributions for federal income tax purposes,” “Contributions or gifts to the _____ Lions district/club are not tax deductible,” or “Contributions or gifts to the _____ Lions district/club are not tax deductible as charitable contributions.”

(con’t.)

In the case of a solicitation by mail, leaflet, or advertisement in a newspaper, magazine or other print medium, the following requirements must be met:

- 1) The statement must be in at least the same size type as the primary message stated in the body of the letter, leaflet or ad;
- 2) The statement must be included on the message side of any card or tear off section that the contributor returns with the contribution; and
- 3) The statement must be either the first sentence in a paragraph or itself constitute a paragraph.

In the case of a solicitation by telephone, the following requirements must be met:

- 1) The statement must be made in close proximity to the request for contributions, during the same telephone call, by the telephone solicitor; and
- 2) Any written confirmation or billing sent to a person pledging to contribute during the telephone solicitation must comply with the requirements for written solicitations (as described above).

In the case of a solicitation by radio or television, the following requirements must be met:

- 1) If the statement is spoken, it must be in close proximity to the request for contributions and during the same commercial; and
- 2) If the statement appears on the television screen, it must be in large readable type appearing on the screen for at least five seconds.

Failure to include the required disclosure of the nondeductibility of contributions in fundraising solicitations could result in a penalty of \$1,000 for each day on which such a failure occurs, up to a maximum annual penalty of \$10,000.

ALL LIONS DISTRICTS AND CLUBS, WHEN ASKED, MUST ALWAYS DISCLOSE THAT A CONTRIBUTION TO THE DISTRICT OR CLUB IS NOT TAX DEDUCTIBLE TO THE DONOR AS A CHARITABLE CONTRIBUTION. THE ABOVE DISCLOSURE REQUIREMENTS APPLY TO DISCLOSURE STATEMENTS ON PRINTED MATERIALS, BROADCAST MEDIA AND TELEPHONE SOLICITATION.

Should you have any questions, please contact the Legal Division at Lions Clubs International or the IRS Tax Exempt and Government Entities Customer Account Services at (877) 829-5500. The IRS toll-free telephone service is available Monday through Friday from 8:30 a.m. to 5:30 p.m. (Eastern Standard Time).

¹ Please contact the Legal Division for more information concerning the establishment of a district or club foundation.