

# Delaware PTA Group Exemption for PTAs in Maryland

## Frequently Asked Questions

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*Update: The deadline to submit a consent form requesting to be included under the Delaware PTA group exemption has been extended to Friday, May 13, 2022.*

### **What is an IRS group exemption?**

The IRS sometimes recognizes a group of organizations as tax-exempt if they are affiliated with a central organization, such as a state PTA. The central, or parent, organization forms subordinate organizations, such as local or council PTAs, which avoids the need for each of the subordinates to apply for exemption individually. One group exemption letter is provided to the parent organization and has the same effect as an individual exemption letter except that it applies to more than one organization (the parent and its subordinates).

### **What does a group exemption provide?**

Group exemptions are an administrative convenience for both the IRS and organizations with many affiliated organizations (subordinates). Subordinates in a group exemption do not have to file, and the IRS does not have to process, separate applications for exemption. Subordinates do not receive individual exemption letters.

### **Why doesn't Free State PTA have its own IRS group exemption?**

Free State PTA is unable to obtain a group exemption due to a nationwide moratorium by the IRS, which has not allowed any new group exemptions since June 2020. No one, not even the IRS, can predict when the moratorium will end. Local and council PTA leaders and members are encouraged to write letters asking for this action. Sample letters are available on the Free State PTA website [here](#).

### **Why would my PTA choose to apply for a group exemption from Delaware PTA?**

Local and council PTAs in Maryland should consider completing the process to receive a letter of determination from Delaware PTA for two main reasons:

1. You may need this letter to:
  - open bank accounts/update signatory information;
  - raise charitable tax-deductible funds;
  - provide verification to donors that their donations/contributions are tax deductible;
  - apply for grants; and/or
  - receive benefits as a non-profit and engage in other activities related to your work to support the PTA mission.
2. The leadership of the former Maryland PTA sent a letter to the IRS on September 30, 2021, removing more than 500 local and council PTAs from the group exemption. Once the IRS completes the update to this group exemption, the named PTAs will no longer be considered tax exempt. While National PTA is attempting to overturn this action, your PTA may be included on this or a future list, which will require the time-consuming and costly task of filing as a separate tax-exempt organization.

### **What is an IRS letter of determination?**

An IRS letter of determination, also known as a tax exemption letter is, according to the IRS, "A ruling or determination letter ... issued to your organization if its application and supporting documents establish that it meets the particular requirements of the section under which it is claiming exemption."

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---

### **What are the benefits of obtaining a group exemption from Delaware PTA?**

While applying for a group exemption under Delaware PTA is a temporary solution, it will enable a PTA in Maryland to continue functioning as a tax-exempt, nonprofit organization in Maryland.

### **What are the disadvantages of not obtaining a group exemption from Delaware PTA?**

There are no negative consequences to this process. Local and council PTAs will be able to continue business as usual without any added reporting requirements to the State of Delaware.

### **What is the process of obtaining a group exemption from Delaware PTA?**

The process is very simple. The local or council PTA president:

1. Obtains the required consent form via email from the National PTA-assigned Support Team for Maryland at [fspta@pta.org](mailto:fspta@pta.org) or downloads it from the Free State PTA website at [www.fspta.org](http://www.fspta.org).
2. Completes the required consent form to receive immediate group exemption status with Delaware PTA. Be sure to enter your PTA's actual name on the form. If incorporated as "Maryland Congress of Parents and Teachers, Inc.," enter the name your PTA does business as, such as "Centerville PTA."

*Note: Each PTA must have filed its annual reports with the IRS (the appropriate Form 990) and submitted proof of filing to the support team at [fspta@pta.org](mailto:fspta@pta.org) or the Free State PTA Treasurer at [treasurer.fspta@gmail.com](mailto:treasurer.fspta@gmail.com).*

3. Emails the completed and signed consent form to [fspta@pta.org](mailto:fspta@pta.org) with the subject line: Delaware PTA Group Exemption Consent Form.

*Note: Each form must have an actual handwritten or digital signature. Forms will be accepted in Word, PDF, JPG, TIFF formats. Photos of the completed form will be accepted as long as the entire form is legible in the photograph.*

### **When will we receive the letter of determination?**

A copy of the Delaware PTA Letter of Determination will be emailed to the local/council PTA within approximately 2-3 weeks.

*Note: You will receive your letter of determination from Michele Burnett at [mburnett@pta.org](mailto:mburnett@pta.org).*

### **Do I need to contact Delaware PTA to confirm receipt of my consent form?**

No. National PTA will compile the completed forms and submit them directly to Delaware PTA. Once Delaware PTA accepts the form, the local/council PTA would then immediately receive its nonprofit status under the group exemption of the Delaware PTA. Submit all questions to [fspta@pta.org](mailto:fspta@pta.org).

### **If my PTA applies for the group exemption from Delaware PTA, do we have to submit paperwork to the State of Delaware?**

Any local or council PTA choosing to follow this procedure will not need to take any further steps or make any changes to their regular operations. This process will not affect completion of the IRS Form 990, the required reporting to the State of Maryland, or any other actions the local or council PTA may take.

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### **If my PTA gets its group exemption from Delaware PTA, does my PTA need to obtain a new EIN?**

No. Your PTA does not need to obtain a new Employer Identification Number (EIN), also known as a Federal Tax Identification Number, which is used to identify a business entity. Adding your PTA to Delaware PTA's group exemption does not affect your federal EIN.

### **My PTA is incorporated as Maryland Congress of Parents and Teachers, Inc. but does business under our local PTA's name. Do we need to change our name?**

No. No name change is required. However, a name change may be advisable in the future to incorporate in your PTA's name and not as the state PTA association.

### **If our PTA has its own tax-exempt status separate from the former Maryland PTA, do we need to apply for group exemption from Delaware PTA?**

No. Any local or council PTA that previously applied for and received its own IRS tax exemption and was not part of the former Maryland PTA umbrella may choose to retain its individual exemption. No action would be necessary.

### **If my PTA applied for and received its own IRS tax exemption and was not part of the former Maryland PTA group exemption, how do we obtain a copy of our letter of determination?**

According to the IRS:

You can download copies of original determination letters (issued January 1, 2014 and later) using our on-line search tool [Tax Exempt Organization Search \(TEOS\)](#).

To otherwise request a copy of the original determination letter, submit [Form 4506-B, Request for a Copy of Exempt Organization IRS Application or Letter](#) using email feature on form. You can also fax Form 4506-B to 855-204-6184 or mail to:

Internal Revenue Service  
Attn: Correspondence Unit  
P.O. Box 2508, Room 6-403  
Cincinnati, OH 45201

It may take 60 days or longer to process your request.

You may also request an [affirmation letter](#) using Form 4506-B. The affirmation letter serves the same purpose for grantors and contributors as the original determination letter.

### **Who can I contact with additional questions?**

Submit all questions to the National PTA-assigned Support Team for PTAs in Maryland at [fspta@pta.org](mailto:fspta@pta.org).

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### **Resources**

- Exempt Organizations - Rulings and Determinations Letters, <https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-organizations-rulings-and-determinations-letters>
- EO Operational Requirements: Obtaining Copies of Exemption Determination Letter from IRS, <https://www.irs.gov/charities-non-profits/eo-operational-requirements-obtaining-copies-of-exemption-determination-letter-from-irs>
- Publication 4573 (Rev. 10-2019), Catalog Number 49351Q, Department of the Treasury, Internal Revenue Service, [www.irs.gov](http://www.irs.gov)

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- Tax Exempt Organization Search, <https://www.irs.gov/charities-non-profits/tax-exempt-organization-search>
- Tax Exempt Government Entities (TE/GE) Toll Free Customer Service, 877-829-5500