

TAX STATUS OF P.E.O. IN THE U.S.

The P.E.O. Sisterhood has grown into a large philanthropic organization and includes many separate and subordinate entities. Because these entities do not all carry out the same function for P.E.O., the Internal Revenue Service treats them differently for tax purposes.

The IRS categorizes every P.E.O. entity into two distinct categories:

- **Charitable (also known as 501(c)(3) entities)**—These are the funds that actually carry out the charitable mission of the P.E.O. Sisterhood. Gifts made payable to these philanthropies may be deducted by the donors as charitable contributions and are exempt from income and estate taxes. Funds receiving this charitable status from the IRS are as follows...
 - P.E.O. Educational Loan Fund
 - Cottey College
 - Cottey College Building Fund
 - Cottey College General Endowment Fund
 - P.E.O. International Peace Scholarship Fund
 - P.E.O. Program for Continuing Education
 - P.E.O. Scholar Awards
 - P.E.O. STAR Scholarship
 - P.E.O. Foundation
 - Certain State Chapter Funds (consult your state president)

- **Tax Exempt/Nonprofit (also known as 501(c)(4) entities)**—In 1950, the IRS granted P.E.O. a group exemption for all organized chapters. This means that chapters do not have to pay income tax on any earnings, because they have been organized to support the charitable funds of the P.E.O. Sisterhood (as listed above). Contributions to tax exempt or nonprofit organizations are *not* considered charitable by the IRS. The following P.E.O. entities fall under this category...
 - International Chapter P.E.O. Sisterhood
 - State and District Chapters
 - All local chapters
 - P.E.O. Reciprocities
 - P.E.O. Groups

Note: A tax exempt classification by the IRS under section 501(c)(4) does *not* imply an exemption from sales tax, which is a separate issue determined by each state. Questions concerning sales tax liability should be directed to the state department of revenue *before* a fund-raiser is held. Such discussions are not to include information on any other P.E.O. chapter. It is the responsibility of each local or state/district chapter (or other P.E.O. entity) to ensure compliance with state sales tax requirements.

Each entity has its own federal tax identification number assigned by the IRS. These numbers are filed for and maintained by the P.E.O. Executive Office and are for identification purposes only. All correspondence with the IRS must be handled by International Chapter—individual members are prohibited from contacting the IRS on behalf of P.E.O. Proof of charitable or nonprofit standing with the IRS is found on a tax determination letter, copies of which are available from the P.E.O. Executive Office. For questions concerning the tax status of a P.E.O. entity, or for assistance in making a charitable gift, please contact the treasurer of International Chapter at 515-255-3153.