



THE NONPROFIT  
ASSOCIATION OF  
OREGON

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## Steps to Becoming a Nonprofit Corporation in Oregon

***This info sheet gives basic information about starting a nonprofit in Oregon. NAO is not authorized to give legal advice. If you want to be certain about a proper course of action for your organization, please consult with a licensed attorney.***

Being a nonprofit corporation is not the same as being tax exempt. The nonprofit corporation designation is a matter of state law, while being tax exempt is a matter of federal law. Although it is not required, if you are planning on conducting business in Oregon, you will need to become an Oregon State Nonprofit Corporation before filing for Federal Tax Exemption. The Steps to becoming both an Oregon State recognized Nonprofit and Federal Tax Exempt Nonprofit are outlined below.

### **STEP 1: Filing your Articles of Incorporation**

Below is a general guide on how to obtain incorporation from the Oregon Secretary of State's office.

1. Go to the Oregon Secretary of State's website: <https://sos.oregon.gov/business/Pages/default.aspx>
2. Click on the *File* link. Click on *Register a Business* and choose if you will file online, or via mail. If you file online, you will be directed to the business registry site where you will need to create an account. If you choose to print the form, click *Business Registration Forms*, then *Oregon Business Registration Forms*, and finally *Oregon Nonprofit Corporation*. The form to Incorporate is called "Articles of Incorporation," or "Form 112." The cost of incorporating varies, but is generally around \$50.

NOTE: You may fill out the form, print it, and send it to the Secretary of State, along with the \$50 fee (\$55 if you want a confirmation copy). Or you may submit the form online (and save yourself the \$5 for the copy).

If you don't have access to the Internet, you may request a copy of Form 112 from the Corporation Division by calling (503) 986-2200 (press 0 for a representative).

*NOTE: If you are going to file for tax-exempt status with the IRS, you will need a "confirmation copy" of the Articles of incorporation.*

- Filing the Articles of Incorporation will reserve your organization's name. No other form is necessary unless you plan to use an assumed business name such as an acronym. If you want to know whether the name you want is available, visit the Secretary of State's website and click on *Business Search*.
- Articles of Incorporation may be filed by an attorney or any person involved in the organization that is incorporating.
- Most nonprofit corporations in Oregon must have a minimum of three board members.

- If you plan on applying for a bulk mail permit you need to include a short description of the organization's purpose under Article 5, Optional Provisions.

## **STEP 2: Applying for your Employer Identification Number (EIN)**

Your EIN number, also called Federal Tax Identification Number, is used to identify a business entity. You may apply for your EIN online, over the phone, by fax, or by mail. The form to obtain an EIN number is called the **Form SS-4**.

- To apply online, go to the IRS website: <https://sa.www4.irs.gov/modiein/individual/index.jsp>
- To apply by mail, complete *Form SS-4 Application for Employer Identification Number* (found here: <http://www.irs.gov/pub/irs-pdf/fss4.pdf>), and mail it to:

Internal Revenue Service Center  
Attn: EIN Operation  
Cincinnati, OH 45999

- You may also send the completed SS-4 via fax to 859-669-5987, or call 1-800-829-4933 between 7 a.m. and 10 p.m. local time (Alaska use PST) to apply over the phone. International applicants must call: (215) 516-6999.
- Detailed instructions on how to file from the IRS here: <http://www.irs.gov/pub/irs-pdf/iss4.pdf>.

## **STEP 3: Developing your Bylaws**

Nonprofit corporations are required to have bylaws, a document that lays out the roles of board members, and outlines procedures governing your organization. There are no pre-printed bylaws or forms to fill out, but sample bylaws for Oregon for both membership and non-membership corporations can be found in the Oregon Nonprofit Corporation Handbook, available at local libraries or at NAO offices and online here: [http://www.nonprofitoregon.org/helpline\\_resources/publications](http://www.nonprofitoregon.org/helpline_resources/publications).

- You don't need to file your bylaws along with the Articles of Incorporation, but you do need to file them with the application for tax-exempt status and when you register with the Oregon Department of Justice (see more below).
- Once you have incorporated your nonprofit corporation, you are subject to Chapter 65 of the Oregon Statutes: <http://www.oregonlaws.org/ors/chapter/65>.

## **STEP 4: Registering with the Department of Justice Charitable Activities Section**

If you registered your nonprofit as a Public Benefit Corporation and plan to obtain tax-exempt status with the IRS, you must also register with the Oregon Department of Justice's Charitable Activities Section (DOJ).

- If you registered as a mutual benefit or religious corporation, you do not have to register with the DOJ.
- You can download the registration form (Form RF-C) from the DOJ's website: [https://www.doj.state.or.us/wp-content/uploads/2017/06/2011\\_rfcweb.pdf](https://www.doj.state.or.us/wp-content/uploads/2017/06/2011_rfcweb.pdf)
- Oregon also requires your organization to file an annual report (Form CT-12) with the DOJ along with an annual fee, which is based on your budget size. The annual report form can be found here: <http://www.doj.state.or.us/charigroup/pages/howtorpt.aspx>
- You can contact the DOJ at (971) 673-1880 to determine if your nonprofit will need to register and file annual reports.
- As a nonprofit corporation, you are not tax-exempt unless and until you take the additional step of applying for tax-exempt status with the Internal Revenue Service.

*Congrats! If you have completed steps 1 through 4, and received confirmation of your status from the Secretary of State and Department Justice, you are officially an Oregon Nonprofit! Now, if you choose, you can file for Federal 501(c)(3) tax exemption.*

## **STEP 5: Filing for 501(c)(3) Tax-Exempt Status**

You may apply to the IRS for tax-exempt status once you have filed your Articles of Incorporation the Oregon Secretary of State and obtained your Employer Identification Number (EIN). There are two options for applying for 501(c)(3) tax exemption. Your annual gross receipts and assets, among other criteria, determine which form to file:

*NOTE: Not all tax-exempt organizations are exempt under Section 501(c)(3) of the Internal Revenue Code. To find out whether a 501(c)(3) exemption is the most appropriate for you, talk to an attorney or CPA.*

### **Form 1023-EZ**

1. To find out if you are eligible to fill out Form 1023-EZ, you must review the instructions and fill out the Eligibility Worksheet at the end of the instructions: <http://www.irs.gov/pub/irs-pdf/i1023ez.pdf>.
2. If you answer “Yes” to any of the questions on the Eligibility Form, you cannot file Form 1023-EZ and should follow the instructions below for the full Form 1023 application.
3. If you answer “No” to all of the questions on the Eligibility Form, you can file the Form 1023-EZ. You can access the Form through the Pay.gov website: <http://www.irs.gov/uac/About-Form-1023EZ>.
4. The filing fee for the Form 1023-EZ is \$400.

### **Form 1023**

1. If you are not eligible for the Form 1023-EZ, you can still file for Tax Exemption by filling out and filing the full Form 1023 application for Tax Exemption. To apply for 501(c)(3) Tax Exempt Status you need to fill out and file Form 1023. You can download the form here: [www.irs.gov/pub/irs-pdf/f1023.pdf](http://www.irs.gov/pub/irs-pdf/f1023.pdf)
2. You can order a Form 1023 Packet from the IRS at 1-800-829-3676 or visit: <https://www.irs.gov/newsroom/free-tax-help-available-1>
3. There is a non-refundable filing fee for the Form 1023, which depends on the applying organization's average annual gross receipts. If the organization's average annual gross receipts have exceeded or will exceed \$10,000 annually over a four-year period, the fee is \$850. If gross receipts have not exceeded or will not exceed \$10,000 annually over a four-year period, the user fee is \$400. An applicant must certify its gross receipts in Part XI of the application.
4. If the organization's average gross receipts for the last three years is less than \$5,000, the organization is considered tax exempt with the IRS without having to file for exemption. This means the organization will not have to pay income taxes to the IRS. **HOWEVER, donations to the organization are not tax deductible and the state and local governments may still require tax payments unless the organization files for exemption.** The organization must file the 990 form every year.
  - The IRS usually takes from two to twelve months to process each application. You can find out more about the timing of the application review by visiting the IRS's website, <https://www.irs.gov/charities-non-profits>.
  - If you apply for tax-exempt status within 27 months of incorporation, your tax-exempt status will be retroactive to the date of incorporation.

Send the completed Form 1023, user fee payment, and all other required information to:

Internal Revenue Service  
Attention: EO Determination Letters  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

If you receive any correspondence from the IRS regarding your application, be sure to respond within the time limit indicated, even if it is only to ask for additional time. **If you fail to respond, your application file may be closed and you will have to re-apply and pay an additional filing fee.**