



MASTER BREWERS ASSOCIATION OF THE AMERICAS

Providing technical leadership for the brewing industry

District Incorporation and Tax Status



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**Incorporation is separate from
applying for a tax status.**



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Incorporation

Incorporating a District provides a structure that protects the District officers from personal legal and financial liability.



Tax Exempt Status

Beginning in 2007, all non-profits were required to file tax returns annually no matter the size of revenues. Those that had not filed returns for 3 years lost their tax exempt status, as was the case for most of the Districts.



Applying for Tax Exempt Status

Whether a District is incorporated or not:

- 1) Obtaining tax status as either a 501(c)3 or 501(c)6 would require the same effort.**
- 2) All Districts would be required to file a Form 990 yearly and supply financial information to headquarters yearly.**



What Incorporated 501(c)3 Status Provides Districts

- **Corporate shell protects the District officers from personal legal liability.**
- **501(c)3 status allows Districts to accept tax deductible donations and be listed as a Public Charity. *Note: 501(c)6 cannot accept tax deductible donations.***
- **Districts operate as autonomous units of MBAA and, as such, maintain independent control over their finances.**



What MBAA Provides to Assist Districts

- **All initial lawyer costs, incorporation fees, filing fees, first year insurance, and District support paid for by MBAA.**
- **Ongoing support to meet future and current Form 990, MN Attorney General, and financial reporting requirements.**



What Prompted These Changes?

There is a perception that MBAA is requiring the current work that the Districts are now experiencing; however, it is really arising from a change in requirements by the IRS dating back to 2007.