

## **INDIVIDUAL SCOUT ACCOUNTS AND FUNDRAISING BY BSA UNITS**

### **Frequently Asked Questions**

#### **Are individual Scout accounts permitted?**

Yes. These accounts are permitted when funded by the youth member through savings, a portion of a weekly allowance, and chores around the home and neighborhood. The youth member's family may contribute, but no charitable deduction is allowed.

#### **What is private benefit, and why is it not allowed?**

Private benefit is when funds raised in the name of Scouting or another charity are directly allocated to the youth member or family doing the fundraising. Funds raised in the name of Scouting should benefit the entire unit. The tax laws do not permit private benefit, with the exception of an "insubstantial" benefit.

#### **How is an "insubstantial" benefit defined?**

The IRS has classified 30 percent of the money raised as "substantial," and less than 2 percent as "insubstantial." The burden of proof that the benefit is "insubstantial" is on the organization.

#### **Are incentives allowed for participation in fundraising or sales?**

The IRS has not ruled on this matter, but the "insubstantial" benefit restriction would apply.

#### **Can Scouting units use funds to assist youth members who have a financial need?**

The unit can allocate funds based on financial need, and may consider factors such as participation in the unit, advancement, and Scout spirit.

#### **Are there penalties for private benefit or other tax issues?**

Private benefit may result in the loss of tax-exempt status for the chartering organization, or the local council. Allocating funds raised in the name of Scouting directly to a youth member could result in self-employment tax liability.

**Questions? Please contact your *local council*. Thanks for all that you do.**