

IRS announces new tax requirements for small tax-exempt groups

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The IRS has announced a new filing requirement for tax exempt organizations with gross receipts that are normally less than \$25,000. This requirement will apply to tax periods beginning after Dec. 31, 2006.

These small organizations will be required to file an electronic Form 990-N annually with the IRS beginning in 2008. These requirements will not apply to organizations included in a group return, private foundations required to file Form 990-PF and supporting organizations required to file Form 990 or 990-EZ.

Form 990-N, also known as the e-Postcard, must be filed electronically. There is no paper form. The IRS is developing a simple Internet-based process to file the e-Postcard so that organizations will not have to buy special software to file this form.

The IRS plans to mail educational letters beginning in July to affected organizations and will publicize filing procedures when the system is ready for use. The latest information about electronically filing the e-Postcard is available at www.irs.gov/eo.



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Beginning in 2008, the e-Postcard will be due on the 15th day of the fifth month after the close of the tax period. For example, if the tax period ends Dec. 31, 2007 the e-Postcard is due May 15, 2008.

The e-Postcard will require: the organization's name and any other names the organization uses, the mailing address, the Web site address, the organization's employer identification number, the name and address of a principal officer of the organization, the organization's tax period, a statement that the organization's annual gross receipts are still normally \$25,000 or less, and if applicable, an indication that the organization is going out of business.

The Pension Protection Act of 2006 added this filing requirement to improve transparency within the non-profit sector. The information will ensure that potential donors and the IRS have current information about the organization.

A small organization may choose to file a Form 990 or 990-EZ instead of the e-Postcard, but whichever form is used it must be filled out completely. The IRS is required to revoke the tax-exempt status of any organization that fails to meet its annual filing requirement for three consecutive years.

Your tax adviser can answer any questions regarding the e-Postcard and has the expertise to make sure the organization remains in compliance with federal and state filing requirements.

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