

**2023**

# **Instructions for Form 990 Return of Organization Exempt From Income Tax**

**Under section 501(c), 527, or 4947(a)(1) of the  
Internal Revenue Code (except private  
foundations)**

Volume 3 of 9



Department of the Treasury  
**Internal Revenue Service**

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**Line 8.** Answer "Yes" on lines 8a and 8b if the organization contemporaneously documented by any means permitted by state law every meeting held and written action taken during the organization's tax year by its **governing body** and committees with authority to act on behalf of the governing body (which ordinarily don't include advisory boards).

Documentation permitted by state law can include approved minutes, email, or similar writings that explain the action taken, when it was taken, and who made the decision. For this purpose, *contemporaneous* means by the later of (1) the next meeting of the governing body or committee (such as approving the minutes of the prior meeting), or (2) 60 days after the date of the meeting or written action. If the answer to either line 8a or 8b is "No," explain on Schedule O (Form 990) the organization's practices or policies, if any, regarding documentation of meetings and written actions of its governing body and committees with authority to act on its behalf.

If the organization had no committees, answer “No” to line 8b.

**Line 9.** The IRS needs a current mailing address to contact the organization's **officers, directors, trustees, or key employees.** The organization can use its official mailing address stated on the first page of Form 990 as the mailing address for such persons. Otherwise, enter on Schedule O (Form 990) the mailing addresses for such persons who are to be contacted at a different address. Such information will be available to the public.

## **Section B. Policies**

Answer “Yes” to any question in this section that asks whether the organization had a particular policy or practice only if the organization's governing body (or a committee of the governing body, if the governing body delegated authority to that committee to adopt the policy) adopted the

policy by the end of its **tax year**, and if the policy applied to the organization as a whole. If the policy applied only on a division-wide or department-wide level, answer “No.” The organization may explain the scope of such policy on Schedule O (Form 990).

**Line 10a.** Answer “Yes” if the organization had during its tax year any local chapters, local branches, local lodges, or other similar local units or affiliates over which the organization had the legal authority to exercise direct or indirect supervision and control (whether or not in a **group exemption**) and local units that aren't separate legal entities under state law over which the organization had such authority. An affiliate or unit is considered “local” for this purpose if it is responsible for a smaller geographical area than the filing organization is responsible for. Thus, a regional organization would be considered local for a national organization.

**Example 1.** X is a national organization dedicated to the reform of K. X has affiliates in 15 states that conduct activities to carry out the purposes of X at the state level. X has the authority to approve the annual budget of each affiliate. X must answer “Yes” on line 10a.

**Example 2.** Y is a section 170(b)(1)(A)(iii) hospital located in M City. Y appoints a majority of the board of directors of Z, a section 509(a)(3) supporting organization that invests funds and makes grants for the benefit of Y. Although Y controls Z, Z isn't a local affiliate of Y that would require Y to answer “Yes” on line 10a.

**Line 10b.** Written policies and procedures governing the activities of local chapters, branches, and affiliates to ensure their operations are consistent with the organization's tax-exempt purposes are documents used by the organization and its local units to address the policies, practices,

and activities of the local unit. Such policies and procedures can include policies and procedures similar to those described in lines 11–16 of this section, whether separate or included as required provisions in the chapter's articles of organization or bylaws, a manual provided to chapters, a constitution, or similar documents. If “No,” explain on Schedule O (Form 990) how the organization ensures that the local unit's activities are consistent with the organization's tax-exempt purposes.

**Note.** The **central organization** (parent organization) named in a **group exemption** letter is required to have general supervision or control over its **subordinate organizations** as a condition of the group exemption.

**Line 11a.** Answer “Yes” only if a complete copy of the organization's final Form 990 (including all required schedules), as ultimately filed with the IRS, was provided to

each person who was a **voting member of the governing body** at the time the Form 990 was provided, whether in paper or electronic form, before its filing with the IRS. The organization can answer “Yes” if it emailed all of its governing body members a link to a password-protected website on which the entire Form 990 can be viewed, and noted in the email that the Form 990 is available for review on that site. However, answer “No” if the organization merely informed its governing body members that a copy of the Form 990 is available upon request. Answer “No” if the organization redacted or removed any information from the copy of its final Form 990 that it provided to its governing body members before filing the form. For example, answer “No” if the organization, at the request of a donor, redacted the name and address of that donor from the copy of its Schedule B (Form 990), that it provided to its governing body members. Under those circumstances, the



organization may explain on Schedule O (Form 990) why it answered "No" to line 11a.

**Line 11b.** Describe on Schedule O (Form 990) the process, if any, by which any of the organization's **officers, directors, trustees,** board committee members, or management reviewed the prepared Form 990, whether before or after it was filed with the IRS, including specifics about who conducted the review, when they conducted it, and the extent of any such review. If no review was or will be conducted, enter "No review was or will be conducted."

**Example.** The return preparer emails a copy of the final version of Form 990 to each Board member before it was filed. However, no Board member undertakes any review of the form either before or after filing. Because such a copy of the final version of the form was provided to each voting member of the organization's governing body before it was filed, the organization can answer "Yes" even

though no review took place. The organization must describe its Form 990 review process (or lack thereof) on Schedule O (Form 990).

**Line 12a.** Answer “Yes” if, as of the end of the organization's tax year, the organization had a written **conflict of interest policy**. A conflict of interest policy defines conflicts of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that can help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A conflict of interest arises when a person in a position of authority over an organization, such as an **officer**, **director**, manager, or **key employee** can benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest doesn't include questions involving a

person's competing or respective duties to the organization and to another organization, such as by serving on the boards of both organizations, that don't involve a material financial interest of, or benefit to, such person.

**Example.** B is a member of the governing body of X Charity and of Y Charity, both of which are section 501(c)(3) public charities with different charitable purposes. X Charity has taken a public stand in opposition to a specific legislative proposal. At an upcoming board meeting, Y Charity will consider whether to publicly endorse the same specific legislative proposal. While B may have a conflict of interest in this decision, the conflict doesn't involve a material financial interest of B's merely as a result of Y Charity's position on the legislation.

**Line 12b.** Answer “Yes” if the organization's **officers, directors, trustees, and key employees** are required to disclose or update

annually (or more frequently) information regarding their interests and those of their **family members** that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations and those of family members.

**Line 12c.** If “Yes,” describe on Schedule O (Form 990) the organization's practices for monitoring proposed or ongoing transactions for conflicts of interest and dealing with potential or actual conflicts, whether discovered before or after the transaction has occurred. The description should include an explanation of which persons are covered under the policy, the level at which determinations of whether a conflict exists are made, and the level at which actual conflicts are reviewed. Also explain any restrictions imposed on persons with a conflict, such as prohibiting them from

participating in the **governing body's** deliberations and decisions in the transaction.

**Lines 13 and 14.** A whistleblower policy encourages staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported. A document retention and destruction policy identifies the record retention responsibilities of staff, **volunteers**, board members, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.



*Certain federal or state laws provide protection against whistleblower retaliation and prohibit destruction of certain documents. For instance, while the federal Sarbanes-Oxley legislation generally*

*doesn't pertain to tax-exempt organizations, it does impose criminal liability on tax-exempt as well as other organizations for (1) retaliation against whistleblowers that report federal offenses, and (2) destruction of records with the intent to obstruct a federal investigation. See 18 U.S.C. sections 1513(e) and 1519. Also note that an organization is required to keep books and records relevant to its tax exemption and its filings with the IRS. Some states provide additional protection for whistleblowers.*

**Line 15.** Answer “Yes” on line 15a if, during the tax year, the organization (not a **related organization** or other third party) used a process for determining **compensation** (reported on Part

II or Schedule J (Form 990), Compensation Information) of the CEO, executive director, or other person who is the **top management official**, that included all of the following elements.

- Review and approval by a **governing body** or compensation committee, provided that persons with a conflict of interest regarding the compensation arrangement at issue weren't involved. For purposes of this question, a member of the governing body or compensation committee has a conflict of interest regarding a compensation arrangement if any of the following circumstances apply.
  1. The member (or a family member of the member) is participating in or economically benefitting from the compensation arrangement.
  2. The member is in an employment relationship subject to the direction or control of any person participating in or economically benefitting from the compensation arrangement.
  3. The member receives compensation or other payments subject to approval by

any person participating in or economically benefitting from the compensation arrangement.

4. The member has a material financial interest affected by the compensation arrangement.
  5. The member approves a transaction providing economic benefits to any person participating in the compensation arrangement, who in turn has approved or will approve a transaction providing economic benefits to the member. See Regulations section 53.4958-6(c)(1)(iii).
- Use of data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.



- Contemporaneous documentation and recordkeeping for deliberations and decisions regarding the compensation arrangement.

Answer “Yes” on line 15b if the process for determining compensation of one or more **officers** or **key employees** other than the **top management official** included all of the elements listed above.

If the answer was “Yes” on line 15a or 15b, describe the process on Schedule O (Form 990), identify the offices or positions for which the process was used to establish compensation of the persons who served in those offices or positions, and enter the year in which this process was last undertaken for each such person.

If the organization didn't compensate its CEO, executive director, or top management official during the **tax year**, answer “No” to line 15a. If the organization didn't compensate any of its other officers or key employees during the

tax year, even if such employees were compensated by a related organization, answer "No" to line 15b.

**Line 16.** Answer "Yes" on line 16a if, at any time during its tax year, the organization invested in, contributed assets to, or otherwise participated in a joint venture or similar arrangement with one or more taxable persons. For purposes of line 16, a joint venture or similar arrangement (or a "venture or arrangement") means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to (1) whether the organization controls the venture or arrangement, (2) the legal structure of the venture or arrangement, or (3) whether the venture or arrangement is treated as a partnership for federal income tax purposes, or as an association, or corporation for federal income tax purposes. Disregard ventures or

arrangements that meet both of the following conditions.

1. 95% or more of the venture's or arrangement's income for its tax year ending with or within the organization's **tax year** is described in sections 512(b)(1)–(5) (including unrelated debt-financed income).
2. The primary purpose of the organization's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

Answer “Yes” on line 16b if, as of the end of the organization's tax year, the organization had both:

1. Followed a written policy or procedure that required the organization to negotiate, in its transactions and arrangements with other members of

the venture or arrangement, such terms and safeguards as are adequate to ensure that the organization's exempt status is protected; and

2. Taken steps to safeguard the organization's exempt status for the venture or arrangement. Some examples of safeguards include the following.
  - Control over the venture or arrangement sufficient to ensure that the venture furthers the exempt purpose of the organization. • Requirements that the venture or arrangement give priority to exempt purposes over maximizing profits for the other participants.
  - The venture or arrangement not engage in activities that would jeopardize the organization's exemption (such as political

intervention or substantial lobbying for a section 501(c)(3) organization).

- All contracts entered into with the organization be on terms that are at arm's length or more favorable to the organization.

## **Section C. Disclosure**

**Line 17.** List the states with which a copy of this Form 990 is required to be filed, even if the organization hasn't yet filed Form 990 with that state. Use Schedule O (Form 990) if additional space is necessary.



*Some states require or permit the filing of Form 990 to fulfill state exempt organization or charitable solicitation reporting requirements.*

**Line 18.** Check the box for "Own website" only if the organization posted an exact reproduction (other than for information permitted by law to be withheld from public

disclosure, such as the names and addresses of contributors listed on Schedule B (Form 990)) of its Form 990, Form 990-T (for section 501(c)(3) organizations), or application for recognition of exemption (Form 1023, 1023-EZ, 1024, or 1024-A) on its website during its **tax year**. Check the box for "Another's website" only if the organization provided to another individual or organization and that other individual or organization posted on its website, an exact reproduction (other than for information permitted by law to be withheld from public disclosure, such as the names and addresses of contributors listed on Schedule B (Form 990)) of any such forms during the tax year.

If "Other" is checked, explain on Schedule O (Form 990). Also explain on Schedule O (Form 990) if the organization didn't make publicly available upon request any of Forms 1023, 1023-EZ, 1024, 1024-A, 990, or 990-T that are subject to public inspection

requirements. Exempt organizations must make available for public inspection their Form 1023, 1023-EZ, 1024, or 1024-A application for recognition of exemption. Applications filed before July 15, 1987, need not be made publicly available unless the organization had a copy on July 15, 1987.

Organizations that file Form 990 must make it publicly available for a period of 3 years from the date it is required to be filed (including extensions) or, if later, is actually filed.

Organizations aren't required to make publicly available the names and addresses of contributors (as set forth on Schedule B (Form 990), and on Form 1023, 1023-EZ, 1024, or 1024-A). Section 501(c)(3)

organizations that file Form 990-T are also required to make their Forms 990-T publicly available for the corresponding 3-year period for forms filed after August 17, 2006 (unless the form was filed solely to request a refund of telephone excise taxes). See *Appendix D*

for more information on public inspection requirements.

**Line 19.** Explain on Schedule O (Form 990) whether the organization made its governing documents (for example, articles of incorporation, constitution, bylaws, trust instrument), **conflict of interest policy**, and **financial statements** (whether or not audited) available to the general public during the tax year, and, if so, how it made them available to the public (for example, posting on the organization's website, posting on another website, providing copies on request, inspection at an office of the organization, etc.). If the organization didn't make any of these documents available to the public, enter "No documents available to the public."

Federal tax law doesn't require that such documents be made publicly available unless they were included on a form that is publicly available (such as Form 1023, 1023-EZ, 1024, or 1024-A).



**Line 20.** Provide the name of the person who possesses the organization's books and records, and the business address and telephone number of such person (or of the organization if the books and records are kept by such person at a personal residence). If the books and records are kept at more than one location, provide the name, business address, and telephone number of the person responsible for coordinating the maintenance of the books and records. The organization isn't required to provide the address or telephone number of a personal residence of an individual. If provided, however, such information will be available to the public.

## **Part VII. Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check the box in the heading of Part VII if Schedule O (Form 990) contains any information pertaining to this part.

**Overview.** Form 990, Part VII, requires the listing of the organization's current or former **officers, directors, trustees, key employees, and highest compensated employees, and current independent contractors**, and reporting of certain **compensation** information relating to such persons.

All organizations are required to complete Part VII, and when applicable, Schedule J (Form 990), for certain persons.

Compensation must be reported for the calendar year ending with or within the

organization's **tax year**. In some cases, persons are reported in Part VII or Schedule J (Form 990) only if their **reportable compensation** (as explained below) and “other compensation” (as explained below) from the organization and **related organizations** (as explained in the *Glossary* and in the Instructions for Schedule R (Form 990)) exceeds certain thresholds. In some cases, compensation from an **unrelated organization** must be reported on Form 990. See the instructions for Part VII, Section A, line 5, later. The amount of compensation reported on Form 990, Part VII, for a listed person may differ from the amount reported on Form 990, Part IX, line 5, for that person due to factors such as a different accounting period (calendar vs. **fiscal year**) or a different accounting method.

Form 990, Part VII, relies on definitions of reportable compensation and other compensation. *Reportable compensation*

generally refers to compensation reported in box 1 or 5 (whichever amount is greater) of Form W-2, Wage and Tax Statement; box 1 of Form 1099-NEC, Nonemployee Compensation; and box 6 of Form 1099-MISC, Miscellaneous Information.

Organizations must also report other compensation in Part VII, as discussed in the instructions for Part VII, Section A, column (F), later.

Organizations must report compensation for both current and former officers, directors, trustees, key employees, and highest compensated employees. The distinction between current and former such persons is discussed below. The determination of “former” uses a 5-year lookback period.

Organizations must report compensation from themselves and from related organizations, which generally consist of parents, subsidiaries, brother/sister organizations, supporting organizations, supported

organizations, sponsoring organizations of VEBAs, and contributing employers to VEBAs. See the Instructions for Schedule R (Form 990) for a fuller discussion of related organizations.

Part VII, Section A, requires reporting of officers, directors, trustees, key employees, and up to five of the organization's highest compensated employees. Compensation from related organizations must also be taken into account in determining a person's compensation and reported in Part VII, Section A, columns (E) and (F).

Section B requires reporting of the five highest compensated independent contractors. Section B doesn't require reporting of compensation from related organizations.

## **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**Overview.** Organizations are required to enter in Part VII, Section A, the following **officers, directors, trustees,** and **employees** of the organization whose **reportable compensation** from the organization and **related organizations** (as explained in the *Glossary* and the Instructions for Schedule R (Form 990)) exceeded the following thresholds for the tax year.

- Current officers, directors, and trustees (no minimum compensation threshold).
- Current **key employees** (over \$150,000 of reportable compensation).
- Current five highest compensated employees other than officers, directors, trustees, or listed key

employees (over \$100,000 of reportable compensation).

- Former officers, key employees, and **highest compensated employees** (over \$100,000 of reportable compensation, with special rules for former highest compensated employees).
- Former directors and trustees (over \$10,000 of reportable compensation in the capacity as a former director or trustee).

Special rules apply to **disregarded entities** of which the organization is the sole member. See *Disregarded Entities*, later.

To determine which persons are current or former officers, directors, trustees, key employees, or highest compensated employees, see the instructions for Part VII, Section A, column (C), later.

**Order of reporting.** List the persons required to be included in Part VII, Section A, in order from highest to lowest compensation based on the sum of columns (D), (E), and (F) for each person. When the amount of total compensation is the same, list the persons in the following order: individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons.

**Fiscal year filers.** To determine which persons are listed in Part VII, Section A, the organization must use the calendar year ending with or within the organization's **fiscal year** for some (those whose **compensation** must exceed minimum thresholds in order to be reported) and the fiscal year for others. Report officers, directors, and trustees that served at any time during the fiscal year as “current” **officers, directors, and trustees**. Report the following persons based on **reportable compensation** and status for



the calendar year ending within the fiscal year.

- Current key employees (over \$150,000 of reportable compensation from the organization and related organizations).
- Current five highest compensated employees (over \$100,000 of reportable compensation from the organization and related organizations), other than current officers, directors, trustees, and key employees.
- Former officers, key employees, and five highest compensated employees (over \$100,000 of reportable compensation from the organization and related organizations, with special rules for former highest compensated employees).

- Former directors and trustees (over \$10,000 of reportable compensation for services in the capacity as director or trustee of the organization, from the organization and related organizations).

Report compensation on Form 990, Part VII, for the calendar year ending within the organization's **fiscal year**, including that of current officers, directors, and trustees, even if the fiscal year is used to determine which such persons must be listed in Part VII.

**Director or trustee.** A director or trustee is a member of the organization's **governing body**, but only if the member has voting rights. A director or trustee that served at any time during the organization's **tax year** is deemed a current director or trustee.

Members of advisory boards that don't exercise any governance authority over the organization aren't considered directors or trustees.

An “institutional trustee” is a trustee that isn't an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

**Officer.** An **officer** is a person elected or appointed to manage the organization's daily operations. An officer that served at any time during the organization's **tax year** is deemed a current officer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its **governing body**, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers can include a president, vice president, secretary, treasurer, and, in some cases, a Board Chair. In addition, for purposes of Form 990, including Part VII, Section A, and Schedule J (Form 990), treat as an officer the following persons, regardless of their titles.

1. *Top management official.* The person who has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization, for example, the organization's president, CEO, or executive director.
2. *Top financial official.* The person who has ultimate responsibility for managing the organization's finances, for example, the organization's treasurer or chief financial officer.

If ultimate responsibility resides with two or more individuals (for example, co-presidents or co-treasurers), who can exercise such responsibility in concert or individually, then treat all such individuals as officers.

**Key employee.** For purposes of Form 990, a current **key employee** is an **employee** of the organization (other than an **officer**, **director**, or **trustee**) who meets all three of

the following tests, applied in the following order.

1. *\$150,000 Test:* Receives **reportable compensation** from the organization and all **related organizations** in excess of \$150,000 for the **calendar year** ending with or within the organization's **tax year**.
2. *Responsibility Test:* At any time during the calendar year ending with or within the organization's **tax year**:
  - a. Has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors, or trustees;
  - b. Manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as

compared to the organization as a whole; or

- c. Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for **employees**.
3. *Top 20 Test:* Is one of the 20 employees other than officers, directors, and trustees who satisfy the *\$150,000 Test* and *Responsibility Test* with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

If the organization has more than 20 individuals who meet the *\$150,000 Test* and *Responsibility Test*, report as **key employees** only the 20 individuals who have the highest reportable compensation from the organization and related organizations. Note

that any others, up to five, might be reportable as current **highest compensated employees**, with over \$100,000 in reportable compensation. Use the calendar year ending with or within the organization's tax year for determining the organization's current key employees.

An individual that isn't an employee of the organization (or of a **disregarded entity** of the organization) is nonetheless treated as a key employee if she or he serves as an officer or director of a disregarded entity of the organization and otherwise meets the standards of a key employee set forth above. See *Disregarded Entities*, later, for treatment of certain employees of a disregarded entity as key employees of the organization.

If an employee is a key employee of the organization for only a portion of the year, that person's entire compensation for the calendar year ending with or within the organization's tax year, from both the filing

organization and related organizations, should be reported in Part VII, Section A.

**Management companies** and similar entities that are **independent contractors** shouldn't be reported as key employees. The organization's **top management official** and **top financial official** are deemed officers rather than key employees.

In the examples set forth below, assume the individual involved is an employee that satisfies the *\$150,000 Test* and *Top 20 Test* and isn't an **officer, director, or trustee**.

**Example 1.** T is a large section 501(c)(3) university. L is the dean of the law school of T, which generates more than 10% of the revenue of T, including contributions from alumni and foundations. Although L doesn't have ultimate responsibility for managing the university as a whole, L meets the *Responsibility Test* and is reportable as a key employee of T.



**Example 2.** S chairs a small academic department in the College of Arts and Sciences of the same university, T, described above. As department chair, S supervises faculty in the department, approves the course curriculum, and oversees the operating budget for the department. The department represents less than 10% of the university's activities, assets, income, expenses, capital expenditures, operating budget, and employee compensation. Under these facts and circumstances, S doesn't meet the *Responsibility Test* and isn't a key employee of T.

**Example 3.** U is a large acute-care section 501(c)(3) hospital. U employs X as a radiologist. X gives instructions to staff for the radiology work X conducts, but X doesn't supervise other U employees, manage the radiology department, or have or share authority to control or determine 10% or more of U's capital expenditures, operating

budget, or employee compensation. Under these facts and circumstances, X doesn't meet the *Responsibility Test* and isn't a key employee of U.

**Example 4.** W is a cardiologist and head of the cardiology department of the same hospital, U, described above. The cardiology department is a major source of patients admitted to U and consequently represents more than 10% of U's income, as compared to U as a whole. As department head, W manages the cardiology department. Under these facts and circumstances, W meets the *Responsibility Test* and is a key employee of U.

### **Five highest compensated employees.**

The organization is required to enter its current five **highest compensated employees** whose **reportable compensation** combined from the organization and **related organizations** is greater than \$100,000 for the calendar year

ending with or within the organization's **tax year** and who aren't also current **officers, directors, trustees, or key employees** of the organization. Such individuals are the "current" five highest compensated employees. These can include persons who meet some but not all of the tests for key employee status. The organization isn't required to enter more than the top five such persons, ranked by amount of reportable compensation. Use the calendar year ending with or within the organization's tax year for determining the organization's current five highest compensated employees.

**Example.** X is an employee of Y University and isn't an officer, director, or trustee. X's reportable compensation for the calendar year exceeds \$150,000, and X meets the *Responsibility Test*. X would qualify as a key employee of Y, except that 20 employees had higher reportable compensation and otherwise qualify as key employees.

Therefore, those 20 are listed as the organization's key employees. X has the highest reportable compensation from the organization and related organizations of all employees other than the 20 key employees. X must be listed as one of the organization's five highest compensated employees.

**\$10,000 exceptions for reporting compensation.** Report compensation paid or accrued by the filing organization and **related organizations**. Special rules apply for reporting **reportable compensation** and other compensation.

All reportable compensation paid by the filing organization must be reported. Reportable compensation paid by a related organization isn't required to be reported unless (1) it is \$10,000 or more for the calendar year ending with or within the organization's tax year (the "\$10,000-per-related-organization exception"), or (2) it is paid for past services

to the filing organization in the person's capacity as a former director or trustee.

A particular item of other compensation (such as listed in the compensation table, later) paid or accrued by the filing organization isn't required to be reported unless (1) it is \$10,000 or more for the calendar year ending with or within the organization's tax year (the "\$10,000-per-item exception"), or (2) it is one of the five types of compensation (generally constituting deferred compensation (including retirement plan benefits) and health benefits) that must be reported regardless of amount (see the instructions for column (F)). The same principles apply to items of other compensation paid or accrued by a related organization (applied separately to each related organization).



*The \$10,000 exceptions don't apply to reporting compensation on Schedule J (Form 990), Part II.*

**Reportable compensation.** Reportable compensation consists of:

- For **officers** and other **employees**, amounts required to be reported in box 1 or 5 of Form W-2 (whichever amount is greater) (as well as in box 1 of Form 1099-NEC, and/or in box 6 of Form 1099-MISC if the officer or employee is also compensated as an independent contractor of the filing organization or a related organization);
- For **directors** and individual **trustees**, amounts required to be reported in box 1 of Form 1099-NEC; and/or in box 6 of Form 1099-MISC for director and other independent contractor services to the organization or a related organization, plus amounts required to be reported in box 1 or 5 of Form W-2 (whichever amount is greater) if also compensated as an

officer or employee of the filing organization or a related organization; and

- For **institutional trustees**, fees for services paid pursuant to a contractual agreement or statutory entitlement. While the compensation of institutional trustees must be reported on Form 990, Part VII, it need not be reported on Schedule J (Form 990).

If the organization didn't file a Form 1099-NEC or 1099-MISC because the amounts paid were below the threshold reporting requirement, then include and report the amount actually paid. For a full definition of **reportable compensation**, see the *Glossary*.



*Corporate **officers** are considered **employees** for purposes of Form W-2 reporting, unless they perform no services as officers, or perform only minor services and neither receive nor are entitled*

*to receive, directly or indirectly, any **compensation**. Corporate **directors** are considered **independent contractors**, not employees, and director compensation, if any, is generally required to be reported on Form 1099-NEC. See Regulations section 31.3401(c)-1(f).*

For certain kinds of employees and for retirees, the amount in box 5 of Form W-2 can be zero or less than the amount in box 1 of Form W-2. For instance, recipients of disability pay, certain members of the clergy, and religious workers who aren't subject to social security and Medicare taxes as employees can receive compensation that isn't reported in box 5. In that case, the amount required to be reported in box 1 of Form W-2 must be reported as reportable compensation.

If an officer, director, trustee, key employee, or highest compensated employee of the organization is a foreign person who received



U.S. source income during the calendar year ending with or within the organization's **tax year** from the filing organization or a **related organization**, and if such income was reported in box 2 of Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, then treat this income as **reportable compensation** and report it in Part VII, Section A, column (D) or (E). For foreign persons for whom compensation reporting on Form W-2, Form 1099-NEC, Form 1099-MISC, or Form 1042-S isn't required, treat as reportable compensation in column (D) or (E) the total value of the compensation paid in the form of cash or property during the calendar year ending with or within the organization's tax year. Report other compensation from foreign organizations as "other compensation" in column (F).

To determine whether an individual received more than \$100,000 (or \$150,000) in

reportable compensation in the aggregate from the filing organization (and, as discussed later, certain third parties such as common paymasters, payroll/ reporting agents, and certain **unrelated organizations**, compensation from which is considered compensation from the filing organization) and **related organizations**, add the following amounts.

- The amount reported in box 1 or 5 of Form W-2 (whichever amount is greater), in box 1 of Form 1099-NEC, and/or in box 6 of Form 1099-MISC, issued to the individual by the organization.
- Amounts reported in box 1 or 5 of Form W-2 (whichever amount is greater), in box 1 of Form 1099-NEC, or in box 6 of Form 1099-MISC, issued to the individual by each related organization that reported \$10,000 or more.

To determine whether an individual received solely in his or her capacity as a former trustee or director of the organization more than \$10,000 in reportable compensation for the calendar year ending with or within the organization's **tax year**, in the aggregate, from the organization and all related organizations (and thus must be reported on Form 990, Part VII, and Schedule J (Form 990), Part II), add the amounts reported in box 1 of all Forms 1099-NEC, box 6 of all Forms 1099-MISC, and, if relevant, box 1 or 5 of all Forms W-2 (whichever amount is greater) issued to the individual by the organization and all related organizations for the calendar year ending with or within the organization's tax year. Report such amounts only to the extent that such amounts relate to the individual's past services as a trustee or director of the organization, and don't disregard any payments from a related organization if below \$10,000, for such purpose.

**Other compensation.** Other compensation includes **compensation** other than **reportable compensation**, including **deferred compensation** not currently reportable in box 1 or 5 of Form W-2, box 1 of Form 1099-NEC, or box 6 of Form 1099-MISC, and certain nontaxable benefits, as discussed in detail in the instructions for Schedule J (Form 990), Part II. See the instructions for other compensation reported in column (F), later, which includes a table to show where and how to report certain types of compensation in Part VII, Section A, and Schedule J (Form 990).

**Note.** Don't report the same item of compensation in more than one column of Part VII, Section A, for the tax year.

**Disregarded entities. Disregarded entities** (such as an LLC that is wholly owned by the organization and not treated as a separate entity for federal tax purposes) are generally treated as part of the organization

rather than as **related organizations** for purposes of Form 990, including Part VII and Schedule J (Form 990). A person isn't considered an **officer** or **director** of the organization by virtue of being an officer or director of a disregarded entity, but he or she can qualify as a **key employee** or **highest compensated employee** of the organization. An officer, director, or employee of a disregarded entity is a key employee of the organization if she or he meets the *\$150,000 Test* and *Top 20 Test* for the filing organization as a whole, and if, for the *Responsibility Test*, the person has responsibilities, powers, or influence over a discrete segment or activity of the disregarded entity that represents at least 10% of the activities, assets, income, or expenses of the filing organization as a whole, or has or shares authority to control or determine the disregarded entity's capital expenditures, operating budget, or compensation for employees that is at least

10% of the filing organization's respective items as a whole. If an officer or director of a disregarded entity also serves as an officer, director, trustee, or key employee of the organization, report this individual as an officer, director, trustee, or key employee, as applicable, of the organization, and add the compensation, if any, paid by the disregarded entity to this individual to the compensation, if any, paid directly by the organization to this individual. Report the total aggregate amount in column (D).



*A disregarded entity must generally use the **EIN** of its sole member. An exception applies to employment taxes: for wages paid to **employees** of a disregarded entity, the disregarded entity must file separate employment tax returns and use its own EIN on such returns. See Regulations sections 301.6109-1(h) and 301.7701-2(c)(2)(iv).*

**Management companies. Management companies,** as **independent contractors,** are reported on Form 990, Part VII, (if at all) only in Section B. Independent Contractors, and aren't reported on Schedule J (Form 990), Part II. If a current or former **officer, director, trustee,** or **key employee** has a relationship with a management company that provides services to the organization, then the relationship may be reportable on Schedule L (Form 990), Part IV. A key employee of a management company must be reported as a current officer of the filing organization if he or she is the filing organization's **top management official** or **top financial official** or is designated as an officer of the filing organization. However, that person doesn't qualify as a key employee of the filing organization solely on the basis of being a key employee of the management company. If a current or former officer, director, trustee, key employee, or **highest compensated employee** received

**compensation** from a management company that provided services to the organization and was a **related organization** during the **tax year**, then the individual's compensation from the management company must be reported on Form 990, Part VII, Section A, columns (E) and (F). If the management company wasn't a related organization during the tax year, the individual's compensation from the management company isn't reportable in Part VII, Section A. Questions pertaining to management companies also appear on Form 990, Part VI, line 3; and Schedule H (Form 990), Hospitals, Part IV.

**Employee leasing companies and professional employer organizations.** In some cases, instead of hiring a management company, an exempt organization "leases" one or more employees from another company, which may be in the business of leasing employees. Alternatively, the



organization may enter into an agreement with a professional employer organization to perform some or all of the federal employment tax withholding, reporting, and payment functions related to workers performing services for the organization. The organization should treat employees of an employee leasing company, a professional employer organization (whether or not certified under the new [Certified Professional Employer Organization](#)), or a management company as the organization's own employees if such persons have the status of employees of the filing organization under the usual common law rules applicable in determining the employer-employee relationship or who are treated as employees of the filing organization for federal employment tax purposes under section 3121(d). See Pub. 1779, Independent Contractor or Employee, for more information. Otherwise, the compensation paid to leasing companies and professional

employer organizations should be treated like compensation to a management company for purposes of Form 990 compensation reporting.

Compensation from common paymasters, payroll/reporting agents, and unrelated organizations or individuals (except for compensation from **management companies** or leasing companies, and compensation described in *Taxable organization employee exception*, later) must be treated as reportable compensation in determining whether the dollar thresholds are met for reporting (1) current or former employees as current or former key employees or highest compensated employees; or (2) former officers, directors, or trustees, on Form 990, Part VII, Section A. If the Form 990, Part VII, thresholds for reporting are met, then the compensation from the common paymaster, payroll/reporting agent, or unrelated

organization or individual must be reported as compensation from the filing organization in Part VII. The compensation may also need to be reported on Schedule J (Form 990), Part II (see the instructions for Form 990, Part VII, Section A, line 5).



*The use of a leasing company, common paymaster, payroll/reporting agent, or other payroll service provider doesn't relieve an employer of its obligation for employment tax liabilities. The IRS strongly suggests that the organization doesn't change its address to that of its payroll service provider or other third-party payer. Doing so could limit the organization's ability to stay informed of tax matters, because the IRS sends correspondence regarding problems with an employer's account to the employer's address of record. Alternatively, an employer may grant permission for a third-party payer to receive copies of IRS correspondence by using Form*

*8822-B; Form 2848, Power of Attorney and Declaration of Representative; or Form 8655, Reporting Agent Authorization, as appropriate.*

**Compensation from unrelated organizations or individuals.** If a current or former **officer, director, trustee, key employee, or highest compensated employee** received or accrued compensation or payments from an **unrelated organization** (other than from **management companies** or leasing companies, as discussed above) or an individual for services rendered to the filing organization in that person's capacity as an officer, director, trustee, or employee of the filing organization, then the filing organization must report (subject to the *Taxable organization employee exception* next) such amounts as **compensation** from the filing organization if it has knowledge of the arrangement, whether or not the unrelated

organization or the individual treats the amounts as compensation, grants, contributions, or otherwise. Report such compensation from unrelated organizations in Section A, columns (D) and (F), as appropriate. If the organization can't distinguish between reportable compensation and other compensation from the unrelated organization, report all such compensation in column (D).

***Taxable organization employee***

***exception.*** Don't report as compensation any payments from an unrelated taxable organization that employs the individual and continues to pay the individual's regular compensation while the individual provides services without charge to the filing organization, but only if the unrelated organization doesn't treat the payments as a charitable contribution to the filing organization.

**Column (A).** For each person required to be listed, enter the name on the top of each row and the person's title or position with the organization on the bottom of the row. If more than one title or position, list all. List persons in the order described under *Order of reporting*, earlier. List each person on only one line.

**Column (B).** For each person listed in column (A), estimate the average hours per week devoted to the organization during the year. Entry of a specific number is required for a complete answer. Enter "-0-" if applicable. Don't include statements such as "as needed," "as required," or "40+." If the average is less than 1 hour per week, then the organization can enter a decimal rounded to the nearest tenth (for example, 0.2 hours per week).

For each person listed in column (A), list below the dotted line an estimate of the

average hours per week (if any) devoted to related organizations.

**Column (C).** For each person listed in column (A), check the box that reflects the person's position with the organization during the tax year. Don't check more than one box, unless the person was both an officer and a director/trustee of the organization during the tax year. For a former **officer, director, trustee, key employee, or highest compensated employee**, check only the "Former" box and indicate the former status in the person's title.

***"Current" officers, directors, trustees, key employees, and highest compensated employees.*** A "current" **officer, director, or trustee** is a person that was an officer, director, or trustee at any time during the organization's **tax year**. A "current" **key employee or highest compensated employee** is a person who was an employee at any time during the

calendar year ending with or within the organization's tax year, and was a key employee or highest compensated employee for such calendar year.

If the organization files Form 990 based on a **fiscal year**, use the fiscal year to determine the organization's "current" officers, directors, and trustees. Whether or not the organization files Form 990 based on a **fiscal year**, use the calendar year ending with or within the organization's **tax year** to determine the organization's "current" **key employees** and five highest compensated employees.

Don't check the "Former" box if the person was a current officer, director, or trustee at any time during the organization's tax year, or a current key employee or among the five highest compensated employees for the calendar year ending with or within the organization's tax year. A current employee (other than a current officer, director, trustee, key employee, or highest compensated



employee) can be reported on Form 990, Part VII, and Schedule J (Form 990), Part II, as (1) a former director or trustee because she or he served as a director or trustee within the last 5 years, and received more than \$10,000 in **reportable compensation** for the calendar year ending with or within the organization's tax year in his or her capacity as a former director or trustee; or (2) a former officer or key employee (but not as a former highest compensated employee) because he or she served as an officer or key employee within the last 5 years and received more than \$100,000 of reportable compensation for the calendar year ending with or within the organization's tax year. In such a case, indicate the individual's former position in his or her title (for example, "former president").

***"Former" officers, directors, trustees, key employees, and highest compensated employees.*** Check the

“Former” box for former officers, directors, trustees, and key employees only if both conditions below apply.

- The organization reported (or should have reported, applying the instructions in effect for such years) an individual on any of the organization's Forms 990, 990-EZ, or 990-PF for any 1 or more of the 5 prior years in one or more of the following capacities: officer, director, trustee, or key employee.
- The individual received **reportable compensation**, from the organization and/or **related organizations**, in the calendar year ending with or within the organization's current **tax year** in excess of the threshold amount (\$100,000 for former officers and key employees; \$10,000 paid to former directors and trustees for services

rendered in their former capacity as directors or trustees).

If a person was reported (or should have been reported) as an officer, director, trustee, or key employee on any of the organization's prior five Forms 990, 990-EZ, or 990-PF, and if the person was still employed at any time during the organization's tax year either (1) by the organization in a lesser capacity other than as an officer, director, trustee, key employee, or highest compensated employee; or (2) by a related organization in any capacity, but not by the filing organization, and if the person received reportable compensation that exceeded the threshold amount described above, then check only the "Former" box. For example, don't check both the "Former" and "Officer" boxes for a former president of the organization who wasn't an officer of the organization during the tax year.

Whether or not the organization files Form 990 based on a **fiscal year**, use the calendar

year ending within the organization's tax year to determine all "former" officers, directors, trustees, key employees, and five highest compensated employees (because their status depends on their reportable compensation, which is reported for the calendar year).

Check the "Former" box for the former five highest compensated employees only if all four conditions below apply.

1. The individual wasn't an **employee** of the organization at any time during the calendar year ending with or within the organization's tax year.
2. The individual was reported (or should have been reported, under the instructions in effect for such years) on any of the organization's Forms 990, 990-EZ, or 990-PF for 1 or more of the 5 prior years as one of the five highest compensated employees.

3. The individual's reportable compensation exceeded \$100,000 for the calendar year ending with or within the organization's tax year.
4. The amount of the individual's reportable compensation for such year would place him or her among the organization's current five highest compensated employees if the individual were an employee during the calendar year ending with or within the organization's tax year.

**Example 1.** X was reported as one of Y Charity's five highest compensated employees on one of Y's Forms 990, 990-EZ, or 990-PF from 1 of its 5 prior tax years. During Y's **tax year**, X wasn't a current officer, director, trustee, key employee, or highest compensated employee of Y. X wasn't an employee of Y during the calendar year ending with or within Y's tax year. During this calendar year, X received reportable

compensation in excess of \$100,000 from Y for past services and would be among Y's five highest compensated employees if X were a current employee. Y must report X as a former highest compensated employee on Y's Form 990, Part VII, Section A, for Y's tax year.

**Example 2.** T was reported as one of Y Charity's five highest compensated employees on one of Y's Forms 990, 990-EZ, or 990-PF from 1 of its 5 prior tax years. During Y's **tax year**, T wasn't a current officer, director, trustee, key employee, or highest compensated employee of Y, although T was still an employee of Y during the calendar year ending with or within Y's tax year. T received reportable compensation in excess of \$100,000 from Y and related organizations for such calendar year. T isn't reportable as a former highest compensated employee on Y's Form 990, Part VII, Section A, for Y's tax year because T was an employee of Y during the

calendar year ending with or within Y's tax year.

**Example 3.** Z was reported as one of Y Charity's key employees on Y's Form 990 filed for 1 of its 5 prior **tax years**. During Y's tax year, Z wasn't a current officer, director, trustee, key employee, or highest compensated employee of Y. For the calendar year ending with or within Y's tax year, Z received reportable compensation of \$90,000 from Y as an employee (and no reportable compensation from related organizations). Because Z received less than \$100,000 reportable compensation for the calendar year ending with or within Y's tax year from Y and its related organizations, Y isn't required to report Z as a former key employee on Y's Form 990, Part VII, Section A, for Y's tax year.

**Columns (D) and (E).** Enter the amounts required to be reported (whether or not actually reported) in box 1 or 5 of Form W-2

(whichever is greater), box 1 of Form 1099-NEC, and/or box 6 of Form 1099-MISC, issued to the person for the calendar year ending with or within the organization's **tax year**. Enter an amount for each person in each of columns (D) and (E). Enter "-0-" if the person received no **reportable compensation**. For **institutional trustees** that don't receive a Form 1099-NEC or 1099-MISC, enter the amount that the organization would have reported in box 1 of Form 1099-NEC or box 6 of Form 1099-MISC if the form(s) had been required.

Reportable compensation paid to the person by a **related organization** at any time during the entire calendar year ending with or within the filing organization's tax year should be reported in column (E). If the related organization was related to the filing organization for only a portion of the tax year, then the filing organization may choose to report only compensation paid or accrued



by the related organization during the time it was actually related. If the filing organization reports compensation on this basis, it must explain on Schedule O (Form 990) and state the period during which the related organization was related.

***\$10,000-per-related-organization***

***exception.*** For purposes of column (E), the organization need not include payments from a single related organization if it is less than \$10,000 for the calendar year ending with or within the organization's tax year, except to the extent paid to a former **director** or former **trustee** of the filing organization for services as a director or trustee of the organization. For example, if an officer of the organization received **compensation** of \$6,000, \$15,000, and \$50,000 from three separate related organizations for services provided to those organizations, the organization needs to report only \$65,000 in column (E) for the officer.

***Volunteer exception.*** The organization need not report in column (E) or (F) compensation from a related organization paid to a **volunteer officer, director, or trustee** of the filing organization if the related organization is a for-profit organization; isn't owned or controlled, directly or indirectly, by the organization or one or more related tax-exempt organizations; and doesn't provide management services for a fee to the organization.

***Bank or financial institution trustee.*** If the organization is a trust with a bank or financial institution trustee that is also a trustee of another trust, it need not report in column (E) or (F) compensation from the other trust for services provided as the trustee to the other trust, because the other trust isn't a related organization (see the *Glossary* definition of **related organization**).

***Reasonable effort.*** The organization isn't required to report compensation from a

**related organization** to a person listed on Form 990, Part VII, Section A, if the organization is unable to secure the information on compensation paid by the related organization after making a **reasonable effort** to obtain it, and if it is unable to make a reasonable estimate of such compensation. If the organization makes reasonable efforts but is unable to obtain the information or provide a reasonable estimate of compensation from a related organization in column (E) or (F), then it must report the efforts undertaken on

Schedule O (Form 990). An example of a reasonable effort is for the organization to distribute a questionnaire annually to each of its current and former officers, directors, trustees, key employees, and highest compensated employees that includes the name and title of each person reporting information, blank lines for those persons' signatures and signature dates, and the

pertinent instructions and definitions for Form 990, Part VII, Section A, columns (E) and (F).

***Short year and final returns.*** For a short year return in which there is no calendar year that ends with or within the short year, leave columns (D) and (E) blank, and don't report any **key employees, highest compensated employees, or highest compensated independent contractors** (because such persons are determined according to compensation received in the calendar year ending with or within the tax year for which the return is filed), unless the return is a final return. If the return is a final return, report the compensation that is reportable compensation on Forms W-2 and 1099 for the short year, from both the filing organization and related organizations, whether or not Forms W-2 or 1099 have been filed yet to report such compensation.

**Column (F). Other compensation** generally includes compensation not currently

reportable in box 1 or 5 of Form W-2, in box 1 of Form 1099-NEC, or in box 6 of Form 1099-MISC, including nontaxable benefits other than disregarded benefits, as discussed under *Disregarded benefits*, later, and in the instructions for Schedule J (Form 990), Part II. Treat amounts paid or accrued under a **deferred compensation** plan, or held by a deferred compensation trust, that is established, sponsored, or maintained by the organization (or a **related organization**) as paid, accrued, or held directly by the organization (or the related organization). Deferred compensation to be reported in column (F) includes compensation that is earned or accrued in one year and deferred to a future year, whether or not funded, vested, qualified or nonqualified, or subject to a substantial risk of forfeiture. But don't report in column (F) a deferral of compensation that causes an amount to be deferred from the calendar year ending with or within the tax year to a date that isn't more than 2<sup>1</sup>/<sub>2</sub>

months after the end of the calendar year ending with or within the tax year if such compensation is currently reported as reportable compensation.

Enter an amount in column (F) for each person listed in Part VII, Section A. (Enter “-0-” if applicable.) Report a reasonable estimate if actual numbers aren't readily available.

Other compensation paid to the person by a **related organization** at any time during the calendar year ending with or within the filing organization's tax year should be reported in column (F). If the related organization was related to the filing organization for only a portion of the tax year, then the filing organization may choose to report only other compensation paid or accrued by the related organization during the time it was actually related. If the filing organization reports compensation on this basis, it must explain on Schedule O (Form 990) and state the

period during which the related organization was related.

The following items of compensation provided by the filing organization and related organizations must be reported as “other compensation” in column (F) in all cases regardless of the amount, to the extent they aren't included in column (D).

1. Tax-deferred contributions by the employer to a qualified defined contribution retirement plan.
2. The annual increase or decrease in actuarial value of a qualified defined benefit plan, whether or not funded or vested.
3. The value of health benefits provided by the employer, or paid by the employee with pre-tax dollars, that aren't included in reportable compensation. For this purpose, health benefits include (1) payments of

health benefit plan premiums, (2) medical reimbursement and flexible spending programs, and (3) the value of health coverage (rather than actual benefits paid) provided by an employer's self-insured or self-funded arrangement. Health benefits include dental, optical, drug, and medical equipment benefits. They don't include disability or long-term care insurance premiums or allocated benefits for this purpose.

4. Tax-deferred contributions by the employer and employee to a funded nonqualified defined contribution plan, and deferrals under an unfunded nonqualified defined contribution plan, whether or not such plans are vested or subject to a substantial risk of forfeiture. See the examples in the Schedule J (Form 990), Part II, instructions.



5. The annual increase or decrease in actuarial value of a nonqualified defined benefit plan, whether or not funded, vested, or subject to a substantial risk of forfeiture.

***\$10,000-per-item exception.*** Except for the five items listed above, neither the organization nor a **related organization** is required to report on Form 990, Part VII, Section A, any item of “other compensation” (as set forth in the compensation table beginning later) if its total value is less than \$10,000 for the calendar year ending with or within the organization's tax year.

Amounts excluded under the two separate \$10,000 exceptions (the \$10,000-per-related-organization and \$10,000-per-item exceptions) are to be excluded from **compensation** in determining whether an individual's total **reportable compensation** and other compensation exceeds

the thresholds set forth on Form 990, Part VII, Section A, line 4. If the individual's total compensation exceeds the relevant threshold, then the amounts excluded under the \$10,000 exceptions are included in the individual's compensation reported on Schedule J (Form 990). Thus, the total amount of compensation reported on Schedule J (Form 990) can be higher than the amount reported on Form 990, Part VII, Section A.

The \$10,000-per-item exception applies separately for each item of other compensation from the organization and from each related organization.

***Example 1.*** Organization X provides the following compensation to its current officer.

\$110,000	Reportable compensation (including pre-tax employee contributions of \$5,000 to a qualified defined contribution retirement plan and \$2,500 to a qualified health benefit plan)
5,000	Tax-deferred employer contribution to qualified defined contribution retirement plan
5,000	Nontaxable employer contributions to health benefit plan
4,000	Nontaxable dependent care assistance
500	Nontaxable group life insurance premium

Organization Y, a related organization, also provides compensation to the officer as follows.

\$21,000	Reportable compensation (including \$1,000 pre-tax employee contribution to qualified defined contribution retirement plan)
1,000	Tax-deferred employer contribution to qualified defined contribution retirement plan
5,000	Nontaxable tuition assistance

The officer receives no compensation in the capacity as a former director or trustee of X, and no unrelated organization pays the officer for services provided to X. The organization can disregard as other compensation (a) the \$4,500 in dependent care and group life insurance payments from the organization (under the \$10,000-per-item exception), and (b) the \$5,000 in tuition assistance from the related organization (under the \$10,000-per-item exception) in determining whether the officer's total reportable and other compensation from the organization and related organizations exceeds \$150,000. In this case, total reportable compensation is \$131,000, and total other compensation (excluding the excludable items below \$10,000) is \$11,000. Under these circumstances, the officer's dependent care, group life, and tuition assistance items need not be reported as other compensation on Form 990, Part VII, Section A, column (F), and the officer's total reportable and other

compensation (\$142,000) isn't reportable on Schedule J (Form 990). If, instead, the officer's reportable compensation from Y were \$30,000 rather than \$21,000, then the officer's total reportable and other compensation (\$151,000) would be reportable on Schedule J (Form 990), including the dependent care, group life, and tuition assistance items, even though these items wouldn't have to be reported as other compensation on Form 990, Part VII.

**Example 2.** Organization S provides health benefits to B (its CEO) under a self-insured medical reimbursement plan. The value of the plan benefits for the tax year is \$10,000, which represents the estimated cost of providing coverage for the year if the employer paid a third-party insurer for similar benefits, as determined on an actuarial basis. The actual benefits paid for B and B's family for the year are \$30,000. If the benefits aren't reportable compensation to B, then

Organization S must report the \$10,000 value of plan benefits as other compensation to B on Form 990, Part VII, Section A, column (F).

**Disregarded benefits.** Disregarded benefits under Regulations section 53.4958-4(a)(4) need not be reported in column (F).

Disregarded benefits generally include fringe benefits excluded from gross income under section 132. These benefits include:

- No-additional cost service,
- Qualified employee discount,
- Working condition fringe,
- De minimis fringe,
- Qualified transportation fringe,
- Qualified retirement planning services, and
- Qualified military base realignment and closure fringe.

For descriptions of each of these disregarded benefits, see the Instructions for Schedule J (Form 990).

**Short year and final returns.** For a short year return in which there is no calendar year that ends with or within the short year, leave column (F) blank, unless the return is a final return. If the return is a final return, report the other compensation for the short year from both the filing organization and related organizations.

**Compensation table for reporting on Part VII, Section A; or Schedule J (Form 990), Part II.** The following table may be useful in determining how and where to report items of **compensation** on Form 990, Part VII, Section A, and on Schedule J (Form 990), Part II. The list isn't comprehensive but covers most items for most organizations. Many items of compensation may or may not be taxable or currently taxable, depending on the plan or arrangement adopted by the



organization and other circumstances. The list attempts to take into account these varying facts and circumstances. The list is merely a guideline to report amounts for those persons required to be listed. In all cases, items included in box 1 or 5 of Form W-2 (whichever is greater), in box 1 of Form 1099-NEC, and/or in box 6 of Form 1099-MISC are required to be reported on Part VII, Section A, and, for applicable persons, Schedule J (Form 990), Part II, column (B). Items listed as "taxable" or "taxable in current year" are currently includible in reportable compensation, but aren't necessarily subject to federal income tax in the current year.

Any item listed in the following compensation table that isn't followed by a star (x) or asterisk (\*) in any column shouldn't be reported on Part VII, Section A; or in Schedule J (Form 990), Part II.

Type of Compensation	Where To Report				
	Form 990, Part VII, Section A, column (D) or (E)			Form 990, Part VII, Section A, column (F)	
	Schedule J (Form 990), Part II, column B(i)	Schedule J (Form 990), Part II, column B(ii)	Schedule J (Form 990), Part II, column B(iii)	Schedule J (Form 990), Part II, column C	Schedule J (Form 990), Part II, column D
Base salary/wages/fees paid	x				
Base salary/wages/fees deferred (taxable)	x				
Base salary/wages/fees deferred (nontaxable)				x	
Bonus paid (including signing bonus)		x			
Bonus deferred (taxable in current year)		x			
Bonus deferred (not taxable in current year)				x	
Incentive compensation paid		x			
Incentive compensation deferred (taxable in current year)		x			
Incentive compensation deferred (not taxable in current year)				x	
Severance or change of control payments made			x		
Sick pay paid by employer	x				
Third-party sick pay			x		
Other compensation amounts deferred (taxable in current year)		x			
Other compensation amounts deferred (not taxable in current year)				x	
Tax gross-ups paid			x		
Vacation/sick leave cashed out			x		
Stock options at time of grant				x	
Stock options at time of exercise			x		
Stock awards paid by taxable organizations substantially vested			x		
Stock awards paid by taxable organizations not substantially vested				x	
Stock equivalents paid by taxable organizations substantially vested			x		
Stock equivalents paid by taxable organizations not substantially vested				x	
Loans—forgone interest or debt forgiveness			x		
Contributions (employer) to qualified retirement plan				x	
Contributions (employee deferrals) to section 401(k) plan	x				
Contributions (employee deferrals) to section 403(b) plan	x				
Qualified or nonqualified retirement plan defined benefit accruals (reasonable estimate of increase or decrease in actuarial value)				x	
Qualified retirement (defined contribution) plan investment earnings or losses (not reportable or other compensation)					
Taxable distributions from qualified retirement plan, including section 457(b) eligible governmental plan (reported on Form 1099-R but not reportable or other compensation on Form 990)					

Type of Compensation	Where To Report				
	Form 990, Part VII, Section A, column (D) or (E)			Form 990, Part VII, Section A, column (F)	
	Schedule J (Form 990), Part II, column B(i)	Schedule J (Form 990), Part II, column B(ii)	Schedule J (Form 990), Part II, column B(iii)	Schedule J (Form 990), Part II, column C	Schedule J (Form 990), Part II, column D
Distributions from nongovernmental section 457(b) plan			x		
Amounts includible in income under section 457(f)			x		
Amounts deferred by employer or employee (plus earnings) under section 457(b) plan (substantially vested)			x		
Amounts deferred by employer or employee under section 457(b) or 457(f) plan (not substantially vested)				x	
Amounts deferred under nonqualified defined contribution plans (substantially vested)			x		
Amounts deferred under nonqualified defined contribution plans (not substantially vested)				x	
Earnings or losses of nonqualified defined contribution plan (substantially vested)			x		
Earnings or losses of nonqualified defined contribution plan (not substantially vested)					
Scholarships and fellowship grants (taxable)			x		
Health benefit plan premiums paid by employer (taxable)	x				
Health benefit plan premiums paid by the employee (taxable)	x				
Health benefit plan premiums (nontaxable)					x
Medical reimbursement and flexible spending programs (taxable)			x		
Medical reimbursement and flexible spending programs (nontaxable)					x
Other health benefits (taxable)			x		
Other health benefits (nontaxable)					x
Life, disability, or long-term-care insurance (taxable)			x		
Life, disability, or long-term-care insurance (nontaxable)					*
Split-dollar life insurance (see Notice 2002-8, 2002-1 C.B. 398)			x		
Housing provided by employer or ministerial housing allowance (taxable)			x		
Housing provided by employer or ministerial housing allowance (nontaxable) (but see Schedule J instructions regarding working condition fringes)					*
Personal legal services (taxable)			x		
Personal legal services (nontaxable)					*
Personal financial services (taxable)			x		
Personal financial services (nontaxable)					*
Dependent care assistance (taxable)			x		
Dependent care assistance (nontaxable)					*
Adoption assistance (taxable)			x		
Adoption assistance (nontaxable)					*
Tuition assistance for family (taxable)			x		

Type of Compensation	Where To Report				
	Form 990, Part VII, Section A, column (D) or (E)			Form 990, Part VII, Section A, column (F)	
	Schedule J (Form 990), Part II, column B(i)	Schedule J (Form 990), Part II, column B(ii)	Schedule J (Form 990), Part II, column B(iii)	Schedule J (Form 990), Part II, column C	Schedule J (Form 990), Part II, column D
Tuition assistance for family (nontaxable)					*
Cafeteria plans (nontaxable health benefit)					x
Cafeteria plans (nontaxable benefit other than health)					*
Liability insurance (taxable)			x		
Employer-provided automobile (taxable)			x		
Employer-subsidized parking (taxable)			x		
Travel (taxable)			x		
Moving (taxable)			x		
Meals and entertainment (taxable)			x		
Social club dues (taxable)			x		
Spending account (taxable)			x		
Gift cards			x		
Disregarded benefits under Regulations section 53.4958-4(a)(4) (see Schedule J, Part II, instructions)					

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