

Instructions for Form 990-T

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

Section references are to the Internal Revenue Code unless otherwise noted.

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Future Developments

For the latest information about developments related to Form 990-T and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990T](https://www.irs.gov/Form990T).

What's New

Gain from the sale or exchange of qualified farmland property to qualified farmers. P.L. 119-21, commonly known as the One Big Beautiful Bill Act, created new section 1062 regarding the gain from the sale or exchange of qualified farmland property to qualified farmers. Section 1062 allows taxpayers to elect to pay the net income tax attributable to the gain from the sale or exchange of qualified farmland property to qualified farmers in four equal annual installments. This election is available for sales and exchanges of qualified farmland property to a qualified farmer in tax years beginning after July 4, 2025. For more information, see section 1062 and new Form 1062, *Deferral of Tax on Gain From the Sale or Exchange of Qualified Farmland Property to Qualified Farmers*, when it is available.

To report the section 1062 applicable net tax liability and the installment due in the first tax year, two lines were added on Form 990-T. Report the full amount of section 1062 applicable net tax liability on Part III, line 6k. Report the first installment due in tax year 2025 on Form 990-T, Part III, line 5b. For more information, see the instructions for [Line 5b](#) and [Line 6k](#), later.

Relief from additions to tax for underpayment of estimated income tax by taxpayers making an election under section 1062. The IRS will waive a portion of the penalty imposed under section 6655 for failure to make estimated tax payments attributable to a qualified sale or exchange of qualified farmland to qualified farmers for which an election under section 1062(a) is properly made. Taxpayers that elect under section 1062 to defer payment of tax may calculate required estimated tax payments using the guidance in Notice 2026-3. See Notice 2026-3, 2026-02 I.R.B. 307, available at [IRS.gov/irb/2026-02_IRB#NOT-2026-3](https://www.irs.gov/irb/2026-02_IRB#NOT-2026-3).

Domestic research and experimental expenditures. P.L. 119-21 adds new section 174A to the Internal Revenue Code. Section 174A(a) allows organizations to deduct amounts paid or incurred for domestic research and experimental expenditures in tax years beginning after December 31, 2024.

Alternatively, under section 174A(c), an organization may elect to charge such expenditures to a capital account and amortize such expenditures ratably over a period of not less than 60 months, beginning with the month in which the organization first realizes benefits from such expenditures.

In addition, section 70302(f) of P.L. 119-21 provides organizations with various transition options that may be applied to recover unamortized amounts paid or incurred in tax years beginning after December 31, 2021, and

before January 1, 2025, that were capitalized and amortized for such tax years. See Rev. Proc. 2025-28, 2025-38 I.R.B. 393 available at [IRS.gov/irb/2025-38_IRB#REV-PROC-2025-28](https://www.irs.gov/irb/2025-38_IRB#REV-PROC-2025-28), for information regarding the transition options contained in section 70302(f) of P.L. 119-21, as well as the procedures to follow to begin applying either section 174A(a) or (c) for the organization's first tax year beginning after December 31, 2024.

Direct deposit. If there is an overpayment on Part III, line 11, enter the organization's direct deposit information on Form 8050, Direct Deposit of Tax Exempt or Government Entity Tax Refund. See the instructions for [Line 11](#), later, for more information.

Reminders

Required electronic filing. If you are an organization or trust defined in section 511 and need to file Form 990-T, you are required to file electronically. See [When, Where, and How to File](#), later, for more information.

Tax-exempt and governmental entities. For tax years beginning after 2022, applicable entities (such as certain tax-exempt and governmental entities) can elect to treat certain general business credits as a payment of income tax. See [Applicable Entities Making an Elective Payment Election](#), later.

Advanced manufacturing investment credit. Eligible filers may elect to treat the advanced manufacturing investment credit with respect to a facility as a payment of income tax under section 48D(d). See section 48D and the Instructions for Form 3468.

Alternative minimum tax. The Inflation Reduction Act of 2022 (IRA 2022) amended section 55 to impose a new corporate alternative minimum tax (CAMT) based on the adjusted financial statement income (AFSI) of an applicable corporation. See Form 4626, Alternative Minimum Tax-Corporations, and its instructions, for more information.

Extension of time to file. Use Form 8868 to allow the following entities filing Form 990-T to make an elective payment election to request an extension of time to file Form 990-T.

- The government of any U.S. territory or political subdivision or instrumentality thereof.
- A state, the District of Columbia, or political subdivision or instrumentality or agency thereof.
- The Tennessee Valley Authority.
- An Indian tribal government or a subdivision or instrumentality or agency thereof.

Caution: An elective payment election must be made on a return filed by the due date for the return, including extensions. All entities filing 990-T must use Form 8868 to request an extension of time to file Form 990-T.

Form 4626. Attach Form 4626, Alternative Minimum Tax—Corporations, to your Form 990-T, if applicable. See [Alternative Minimum Tax, Line 5](#), later, for more information.

Photographs of Missing Children

The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Phone Help

If you have questions and/or need help completing Form 990-T, call 877-829-5500. This toll-free telephone service is available Monday through Friday.

How To Get Forms and Publications

Internet. Access [IRS.gov](https://www.irs.gov) 24 hours a day, 7 days a week to:

- Download free forms, instructions, and publications;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic and keyword;
- Use online Internal Revenue Code (IRC), Regulations, or other official guidance;
- View Internal Revenue Bulletins (IRBs);
- Sign up to receive local and national tax news by email.

Getting tax forms, instructions, and publications. Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to download current and prior-year forms, instructions, and publications.

Ordering tax forms, instructions, and publications.

Go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. The IRS will process your order for forms and publications as soon as possible. **Don't** resubmit your requests you've already sent us. You can get forms and publication faster online.

General Instructions

Purpose of Form

Use Form 990-T and Schedule A (as applicable) to:

- Report unrelated business income;
- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT), on undistributed long-term capital gain;
- Request a credit for certain federal excise taxes paid for small employer health insurance premiums paid, and
- Make an elective payment election under section 48D or section 6417.

Who Must File

Organizations With Current Unrelated Business Taxable Income (UBTI)

- Any disregarded entity, domestic, or foreign organization exempt under section 501(a), section 529(a), or section 529A(a), if it has gross income of

\$1,000 or more from a regularly conducted unrelated trade or business (see Regulations section 1.6012-2(e)). Gross income is gross receipts minus the cost of goods sold, (see Regulations section 1.61-3). For a discussion of cost of goods sold, see Schedule A (Form 990-T), [Part III. Cost of Goods Sold](#), later.

Caution: The gross receipts from a gaming business include all amounts wagered in games, not just the net proceeds after payment of prizes and other expenses. Cash prizes aren't included in cost of goods sold, but are reported on Schedule A, Part II, line 14, as other deductions.

Caution: A disregarded entity, as described in Regulations sections 301.7701-1 through 301.7701-3, is treated as a branch or division of its parent organization for federal tax purposes. Therefore, financial information applicable to a disregarded entity must be reported as the parent organization's financial information.

- Colleges and universities of states and other governmental units, and subsidiary corporations wholly owned by such colleges and universities that have gross income of \$1,000 or more from a regularly conducted unrelated trade or business. However, a section 501(c)(1) corporation that is an instrumentality of the United States and both organized and exempt from tax by an Act of Congress doesn't have to file.
- Qualified tuition programs described under section 529 that have \$1,000 or more of unrelated trade or business gross income.
- Qualified ABLE programs described under section 529A that have \$1,000 or more of unrelated trade or business gross income.
- Trustees for the following trusts that have \$1,000 or more of unrelated trade or business gross income.
 1. Individual retirement accounts (IRAs), including traditional IRAs described under section 408(a).
 2. Simplified employee pension IRAs (SEP IRAs) described under section 408(k).
 3. Savings incentive match plan for employees of small employers IRAs (SIMPLE IRAs) described under section 408(p).
 4. Roth IRAs described under section 408A.
 5. Coverdell education savings accounts (ESAs) described under section 530.
 6. Archer medical savings accounts (Archer MSAs) described under section 220.
 7. Health savings accounts (HSAs) described under section 223.

Caution: Each account of a type listed above is treated as a separate trust for unrelated business income tax purposes (even if there is a single owner or beneficiary for multiple accounts) and must have its own employer identification number (EIN) if it will file Form 990-T to report gross unrelated business taxable income of \$1,000 or more. A custodian is treated as a trustee. See section

408(h). Individual retirement annuities, unlike IRAs, aren't subject to unrelated business income tax.

Tip: IRAs and other tax-exempt shareholders in a RIC or REIT filing Form 990-T, only to obtain a refund of income tax paid on undistributed long-term capital gains should complete Form 990-T, as explained in [IRAs and other tax-exempt shareholders in a RIC or REIT](#), later.

Applicable Entities Making an Elective Payment Election

Section 6417 allows applicable entities to make an elective payment election to treat applicable credits as a payment of tax. See T.D. 9988 available at [IRS.gov/irb/2024-15_IRB#TD-9988](#) for information and resources.

Applicable entities. An applicable entity is defined as any of the following.

- An organization exempt from the tax imposed by subtitle A by reason of subchapter F of chapter 1 of subtitle A.
- The government of any U.S. territory or political subdivision or instrumentality thereof.
- Any state, the District of Columbia, or a political subdivision or instrumentality thereof.
- The Tennessee Valley Authority.
- An Indian tribal government or a subdivision or instrumentality thereof.
- Any Alaska Native Corporation (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m))).
- Any corporation operating on a cooperative basis that is engaged in furnishing electric energy to persons in rural areas.

Applicable credits. Applicable credits eligible for the elective payment election include:

- Qualifying advanced energy project credit (Form 3468, Part III),
- Clean electricity investment credit (Form 3468, Part V),
- Energy credit (Form 3468, Part VI),
- Advanced manufacturing production credit (Form 7207),
- Clean hydrogen production credit (Form 7210),
- Clean electricity production credit (Form 7211),
- Zero-emission nuclear power production credit (Form 7213, Part II),
- Clean fuel production credit (Form 7218),
- Renewable electricity production credit (Form 8835, Part II),
- Credit for alternative fuel vehicle refueling property credit (Form 8911, Part I),
- Carbon oxide sequestration credit (Form 8933), and
- Commercial clean vehicle credit (Form 8936, Part V).

Note: Go to [IRS.gov/ElectivePay](#), and refer to *Elective pay and transferability frequently asked questions* 13 and 14 for more specific information regarding eligibility.

Pre-filing registration requirement. Before you file Form 990-T, if you intend to make an elective payment election for one or more applicable credits, you must complete a pre-filing registration for each property or facility. To register, go to [IRS.gov/credits-deductions/](#)

[register-for-elective-payment-or-transfer-of-credits](#). See Pub. 5884, Inflation Reduction Act (IRA) and CHIPS Act of 2022 (CHIPS) Pre-Filing Registration Tool. Also, see *Registering For and Making EPEs and Transfer Elections* in the Instructions for Form 3800.

Organizations With or Without Current UBTI

Elective payment election. Form 990-T filed by an applicable entity making an elective payment election with respect to one or more applicable credits, and eligible taxpayers making an elective payment election with respect to the advanced manufacturing investment credit under section 48D must complete and attach Form 3800, General Business Credit, as well as the required form(s) on which you compute each individual credit. If filing Form 990-T solely to make the elective payment election, see [Elective payment election only](#) under *Which Parts to Complete*, later.

Proxy tax. Organizations liable for the proxy tax on lobbying and political expenditures, see [Part II, Line 3](#), later, for a discussion of the proxy tax. If your organization is only required to file because of the proxy tax, see [Proxy tax only](#) under *Which Parts To Complete*, later.

Other taxes or amounts. Organizations that are liable for other taxes (such as tax deferred under section 1291 (Form 990-T, Part II, line 4) or section 1294 (Form 990-T, Part III, line 4)), or organizations liable for other amounts due (or entitled to a refund of, or credit for other amounts), see a discussion of these items, later. If your organization is required to file Form 990-T only because of these taxes or other amounts, see [Other taxes](#) under *Which Parts To Complete*, later.

Qualified opportunity investment (annual report). Organizations that deferred a capital gain into a qualified opportunity fund (QOF) must file Form 990-T with the applicable Schedule D, Form 8949, and Form 8997 attached. Each such organization must file Form 990-T with Form 8997 attached annually until the organization disposes of the investment. See the Instructions for Form 8997.

Tip: If you are filing Form 990-T for the limited purpose of the elective payment election, because of the proxy tax, other taxes, or only to claim a refund, go directly to [Elective payment election only](#), [Proxy tax only](#), [Other taxes](#), or [Claim for refund](#), later. If you are filing Form 990-T only to claim the credit for small employer health insurance premiums, see the instructions for Part III, [Line 6f](#), later.

Which Parts To Complete

Organizations with unrelated business taxable income. Organizations with UBTI must complete Form 990-T, and also a separate Schedule A (Form 990-T) for each separate unrelated trade or business. See Regulations section 1.512(a)-6. Complete all Schedules A (Form 990-T) first. See [General Instructions Schedule A \(Form 990-T\)](#), later.

Consolidated returns. The consolidated return provisions of section 1501 don't apply to exempt organizations, except for organizations having title holding

companies. If a title holding corporation described in section 501(c)(2) pays any amount of its net income for a tax year to an organization exempt from tax under section 501(a) (or would, except that the expenses of collecting its income exceeded that income), and the corporation and organization file a consolidated return as described below, then treat the title holding corporation as being organized and operated for the same purposes as the other exempt organization (in addition to the purposes described in section 501(c)(2)).

Two organizations exempt from tax under section 501(a), one a title holding company and the other earning income from the first, will be includible corporations for purposes of section 1504(a). If the organizations meet the definition of an affiliated group and the other relevant provisions of chapter 6, then these organizations may file a consolidated return. The parent organization must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed or for the first year a new corporation is added to a consolidated return, the title holding company must attach Form 1122, Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return. See Regulations section 1.1502-100.

Organizations with no UBTI. An organization with no UBTI that needs to file Form 990-T should complete and file Form 990-T only. Such an organization does not complete or attach Schedule A (Form 990-T) to its return.

Elective payment election only. Organizations that are filing with regard to making an elective payment election and have no unrelated business taxable income, including applicable entities (as defined earlier) not subject to federal income tax and not otherwise required to file any annual tax or information return, must complete the following lines of Form 990-T.

- The heading area above Part I, except items B, C, E, J, K, and L.
- If the organization type in item G is "6417(d)(1)(A) Applicable entity," then in Part II, enter -0- and check the box for "Tax rate schedule" on line 2 and enter -0- on line 7.
- If the organization type in item G is "501(c) corporation," then in Part II, enter -0- on lines 1 and 7.
- If the organization type in item G is "501(c) trust," "401(a) trust," or "Other trust" then in Part II, enter -0- and check the box for "Tax rate schedule" on line 2 and enter -0- on line 7.
- If the organization type in item G is "State college/university," then in Part II, enter -0- on lines 1 and 7.
- Part III, lines 6g, 7, 10, and 11.
- Signature area.

In addition, complete and attach Form 3800, and all forms required to compute each applicable credit. Refer to the instructions for Form 3800 for more information.

Proxy tax only. Organizations that are required to file Form 990-T, only because they are liable for the proxy tax on lobbying and political expenditures, must complete the following.

- The heading (above Part I) except items J and K.
- Part II, lines 1, 3, and 7.
- Part III.
- Signature area.

- Attach a statement showing the proxy tax computation.

Other taxes. Organizations that are required to file Form 990-T only because they are liable for tax under section 1291 or tax previously deferred under section 1294, recapture taxes, the tax on a hospital organization's non-compliant facility income, or other items listed in the instructions for Part III, line 4, must complete the following.

- The heading above Part I except items J and K.
- The applicable lines of Parts II and III.
- Signature area.
- Attach all appropriate forms and/or schedules showing the computation of the applicable tax or taxes.

Other amounts due. Organizations that are required to file Form 990-T, only because they are liable for amounts due because of the recapture of a tax credit, or other items listed in the instructions for Part III, line 3, must complete the following.

- The heading above Part I except items J and K.
- The applicable lines of Parts II and III.
- Signature area.
- Attach all appropriate forms and/or schedules showing the computation of the applicable tax or taxes.

Claim for refund (including special instructions for IRA trustees or direct payments of certain credits). If your only reason for filing a Form 990-T is to claim a refund or request a credit, complete the following.

- The heading above Part I except items J and K.
- Enter -0- on Part I, lines 1 and 11, and Part III, line 4.
- Enter the credit or payment on Part III, lines 6a through 6g, as appropriate.
- Part III, lines 7, 10, and 11.
- Signature area.

For claims described below, follow the additional instructions for that claim.

IRAs and other tax-exempt shareholders in a RIC or REIT. If you are an IRA or other tax-exempt shareholder that is invested in a RIC or a REIT and file Form 990-T only to obtain a refund of income tax paid on undistributed long-term capital gains, follow the steps under [Claim for refund \(including special instructions for IRA trustees or direct payments of certain credits\)](#), above; check the applicable box in item H at the top of Form 990-T; and attach Copy B of Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains.

Composite Form 990-T. If you are a trustee of more than one IRA invested in a RIC, you may be able to file a composite Form 990-T to claim a refund of tax under section 852(b) instead of filing a separate Form 990-T for each IRA. See Notice 90-18, 1990-1 C.B. 327, for information on who can file a composite return. Complete the steps under [Claim for refund \(including special instructions for IRA trustees or direct payments of certain credits\)](#), earlier, and follow the additional requirements in the notice.

Backup withholding. If your only reason for filing Form 990-T is to claim a refund of backup withholding, complete the steps under [Claim for refund \(including special instructions for IRA trustees or direct payments of certain credits\)](#), earlier, and attach a copy of the Form 1099 showing the withholding.

When, Where, and How to File

When To File

15th day of 4th month or 15th day of 5th month. An employees' trust defined in section 401(a), an IRA (including SEPs and SIMPLEs), a Roth IRA, a Coverdell ESA, or an Archer MSA must file Form 990-T by the 15th day of the 4th month after the end of its tax year. All other organizations must file Form 990-T by the 15th day of the 5th month after the end of their tax years. If the regular due date falls on a Saturday, Sunday, or legal holiday, file no later than the next business day. If the return is filed late, see [Interest and Penalties](#), later.

Extensions. Filers may request an automatic extension of time to file Form 990-T by using Form 8868, Application for Extension of Time To File an Exempt Organization Return or Excise Taxes Related to Employee Benefits Plans.

Caution: An elective payment election **must** be made on a return filed by the due date for the return, including extensions. All entities filing Form 990-T must use Form 8868 to request an extension of time to file Form 990-T.

Amended return. To correct errors or change a previously filed return, check the "Amended return" box in item F, in the heading area of the form. Also, in Part V, Supplemental Information, include a statement that indicates the line numbers on the original return that were amended and give the reason for each amendment.

Generally, the amended return must be filed within 3 years after the date the original return was due or 3 years after the date the organization filed it, whichever is later.

Where and How To File

Required electronic filing. If you are an organization or trust defined in section 511 and need to file Form 990-T, you are required to file electronically. For additional information, visit [IRS.gov/EOefile](https://www.irs.gov/EOefile).

If you are an applicable entity that is not an organization or trust defined in section 511, and you are filing Form 990-T to make an elective payment election, electronic filing is encouraged but not required. If filing a paper return, file Form 990-T at the following address.

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

Estimated Tax Payments

Generally, an organization filing Form 990-T must make installment payments of estimated tax if its estimated tax (tax minus allowable credits) is expected to be \$500 or more. Don't include the proxy tax when computing your estimated tax liability for 2025.

Depository Method of Tax Payment

The organization must pay any tax due in full by the due date of the return without extension.

Electronic deposit requirement. The organization must deposit all depository taxes (such as employment tax,

excise tax, and corporate income tax) electronically. Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS). For more information about EFTPS or to enroll in EFTPS, go to [IRS.gov/EFTPS](https://www.irs.gov/EFTPS), or call 800-555-4477. To contact EFTPS using Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829. Also, see Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started.

Depositing on time. For EFTPS deposits to be made timely, the organization must submit the deposit by 8 p.m. Eastern time the day before the deposit is due.

Same-day wire payment option. If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Application (FTA), a same-day federal tax payment system that works in conjunction with EFTPS. Make arrangements with your financial institution ahead of time, noting the institution's availability, deadlines, and costs. To learn more, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

Timeliness of deposits. The IRS will use business days to determine the timeliness of deposits. Business days are any day that isn't a Saturday, Sunday, or legal holiday.

Interest and Penalties

Your organization may be subject to interest and penalty charges if it files a late return or fails to pay tax when due. Generally, the organization isn't required to include interest and penalty charges on Form 990-T because the IRS can figure the amount and bill the organization for it.

Interest. Interest is charged on taxes not paid by the original due date of the return even if the organization uses Form 8868 to request an automatic extension of time to file. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at the underpayment rate determined under section 6621.

Late filing of return. An organization that fails to file its return when due (including extensions of time for filing) is subject to a penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a return that is more than 60 days late is the smaller of the tax due or \$525. The penalty won't be imposed if the organization can show that the failure to file on time was due to reasonable cause. If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't include an explanation when you file your return.

Late payment of tax. The penalty for late payment of taxes is usually 1/2 of 1% of the unpaid tax for each month or part of a month the tax is unpaid. The penalty can't exceed 25% of the unpaid tax. If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet

reasonable-cause criteria. Don't include an explanation when you file your return.

Estimated tax penalty. An organization that doesn't make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Generally, an organization is subject to this penalty if its tax liability for the tax year is \$500 or more and it didn't make estimated tax payments of at least the smaller of its tax liability for the tax year or 100% of the prior year's tax. See section 6655 for details and exceptions.

Trust fund recovery penalty. This penalty may apply if certain excise, income, social security, and Medicare taxes that must be collected or withheld aren't paid to the U.S. Treasury. These taxes are generally reported on:

- Form 720, Quarterly Federal Excise Tax Return;
- Form 941, Employer's QUARTERLY Federal Tax Return;
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; or
- Form 945, Annual Return of Withheld Federal Income Tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to have been responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so. The penalty is equal to the unpaid trust fund tax. See the Instructions for Form 720; or Pub. 15 (Circular E), Employer's Tax Guide, for details, including the definition of responsible persons.

Other penalties. There are also penalties that can be imposed for negligence, substantial understatement of tax, reportable transaction understatements, and fraud. See sections 6662, 6662A, and 6663.

Other Forms That May Be Required

Forms W-2 and W-3. File Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements, to report wages, tips, other compensation, withheld income taxes, and withheld social security/Medicare taxes for employees.

Form 461. Noncorporate taxpayers may need to file Form 461, Limitation on Business Losses. See Form 461 and its instructions.

Form 720. File Form 720, Quarterly Federal Excise Tax Return, to report environmental excise taxes, communications and air transportation taxes, fuel taxes, manufacturers taxes, ship passenger tax, and certain other excise taxes. See [Trust fund recovery penalty](#), earlier.

Form 926. File Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation, if the organization is required to report certain transfers to foreign corporations under section 6038B.

Form 940. File Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, if the organization is liable for FUTA tax.

Form 941 and Form 943. File Form 941, Employer's QUARTERLY Federal Tax Return; or Form 943,

Employer's Annual Federal Tax Return for Agricultural Employees, to report income tax withheld, and employer and employee social security and Medicare taxes. Also, see [Trust fund recovery penalty](#), earlier.

Form 945. File Form 945, Annual Return of Withheld Federal Income Tax, to report income tax withheld from nonpayroll distributions or payments, including pensions, annuities, IRAs, gambling winnings, and backup withholding.

Form 965-A and Form 965-B. See Form 965-A, Individual Report of Net 965 Tax Liability; Form 965-B, Corporate and Real Estate Investment Trust (REIT) Report of Net 965 Tax Liability and Electing REIT Report of 965 Amounts; and their respective instructions, for more information.

Form 1098. File Form 1098, Mortgage Interest Statement, to report the receipt from any individual of \$600 or more of mortgage interest (including points) in the course of the organization's trade or business and reimbursements of overpaid interest.

Forms 1099-A, B, DIV, INT, LTC, MISC, NEC, OID, R, S, and SA. Organizations engaged in an unrelated trade or business may be required to:

- File an information return on Forms 1099-A, B, DIV, INT, LTC, MISC, NEC, OID, R, S, and SA;
- Report acquisitions or abandonments of secured property through foreclosure;
- Report proceeds from broker and barter exchange transactions;
- Report certain dividends and distributions;
- Report interest income;
- Report certain payments made on a per diem basis under a long-term care insurance contract, and certain accelerated death benefits;
- Report miscellaneous income (such as payments to providers of health and medical services, and miscellaneous income payments);
- Report nonemployee compensation;
- Report original issue discount;
- Report distributions from retirement or profit-sharing plans, IRAs, SEPs, SIMPLEs, and insurance contracts;
- Report proceeds from real estate transactions; and
- Report distributions from an HSA, an Archer MSA, or a Medicare Advantage MSA.

Form 4466. File Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax, to apply for a quick refund if the organization overpaid its estimated tax for the year by at least 10% of its expected income tax liability and at least \$500.

Form 5498. File Form 5498, IRA Contribution Information, to report contributions (including rollover contributions) to any IRA, including a SEP, SIMPLE, or Roth IRA, and to report Roth IRA conversions, IRAs, and the fair market value (FMV) of the account.

Form 5498-ESA. File Form 5498-ESA, Coverdell ESA Contribution Information, to report contributions (including rollover contributions) to a Coverdell ESA.

Form 5498-SA. File Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, to report

contributions to an HSA or Archer MSA, and the FMV of an HSA, an Archer MSA, or a Medicare Advantage MSA. See the Instructions for Forms 1099-SA and 5498-SA.

Form 5713. File Form 5713, International Boycott Report, if the organization had operations in, or related to, certain boycotting countries.

Form 5884-C. File Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans, to claim the work opportunity credit for qualified first-year wages paid to qualified veterans who began working for the organization on or after November 22, 2011, and before January 1, 2026.

Form 5884-D. File Form 5884-D, Employee Retention Credit for Certain Tax-Exempt Organizations Affected by Qualified Disasters, to claim the employee retention credit against certain payroll taxes if activities of the organization became inoperable because of damage from a qualified disaster. See the Instructions for Form 5884-D for more information.

Form 6198. File Form 6198, At-Risk Limitations, if the organization has a loss from an at-risk activity conducted as a trade or business or for the production of income.

Forms 8275 and 8275-R. Taxpayers and income tax return preparers file Form 8275, Disclosure Statement, and Form 8275-R, Regulation Disclosure Statement, to disclose items or positions taken on a tax return or that are contrary to Treasury regulations (to avoid parts of the accuracy-related penalty or certain preparer penalties).

Form 8300. File Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, if the organization received more than \$10,000 in cash or foreign currency in one transaction or in a series of related transactions. See Form 8300, Instructions for Form 8300, and Regulations section 1.60501-1(c).

Form 8582. File Form 8582, Passive Activity Loss Limitations, for trusts that have losses (including prior-year unallowed losses) from passive activities.

Form 8697. File Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, to figure the interest due or to be refunded under the look-back method of section 460(b)(2). The look-back method applies to certain long-term contracts that are accounted for under either the percentage method or the completion-capitalized cost method.

Form 8810. File Form 8810, Corporate Passive Activity Loss and Credit Limitations, for closely held corporations that have losses or credits (including prior-year unallowed losses and credits) from passive activities.

Form 8865. File Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, if the organization:

1. Controlled a foreign partnership (that is, owned more than a 50% direct or indirect interest in the partnership);
2. Owned at least a 10% direct or indirect interest in a foreign partnership while U.S. persons controlled that partnership;

3. Had an acquisition, disposition, or change in proportional interest in a foreign partnership that:
 - a. Increased its direct interest to at least 10% or reduced its direct interest of at least 10% to less than 10%;
 - b. Changed its direct interest by at least a 10% interest; or
4. Contributed property to a foreign partnership in exchange for a partnership interest if:
 - a. Immediately after the contribution, the organization directly or indirectly owned at least a 10% interest in the foreign partnership; or
 - b. The FMV of the property the organization contributed to the foreign partnership in exchange for a partnership interest, when added to other contributions of property made to the foreign partnership by the organization or a related person during the preceding 12-month period, exceeds \$100,000.

Also, the organization may have to file Form 8865 to report certain dispositions by a foreign partnership of property it previously contributed to that foreign partnership if it was a partner at the time of the disposition. See Form 8865 and its separate instructions.

Form 8886. File Form 8886, Reportable Transaction Disclosure Statement, to disclose information for each reportable transaction in which the organization participated. Form 8886 must be filed for each tax year that the federal income tax liability of the organization is affected by its participation in the transaction. The organization may have to pay a penalty if it is required to file Form 8886 but doesn't do so. The following are reportable transactions.

- Any listed transaction that is the same as, or substantially similar to, tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality for which the organization paid an advisor a fee of at least \$250,000.
- Certain transactions for which the organization has contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least \$10 million in any single year or \$20 million in any combination of years.
- Certain transactions identified by the IRS in published guidance as a "transaction of interest" (a transaction that the IRS believes has a potential for tax avoidance or evasion, but hasn't yet been identified as a listed transaction).

Form 8886-T. File Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, to disclose information with respect to each prohibited tax shelter transaction to which the organization is a party.

Penalties. The organization may have to pay a penalty if it is required to disclose a reportable transaction under section 6011 and fails to properly complete and file Form 8886. The penalty is \$50,000 (\$200,000 if the reportable

transaction is a listed transaction) for each failure to file Form 8886 with its return or for failure to provide a copy of Form 8886 to the Office of Tax Shelter Analysis (OTSA). Other penalties, such as an accuracy-related penalty under section 6662A, may also apply. See the Instructions for Form 8886 for details.

Form 8899. File Form 8899, Notice of Income From Donated Intellectual Property, to report income from qualified intellectual property.

Form 8925. File Form 8925, Report of Employer-Owned Life Insurance Contracts, which must be filed by every applicable policyholder owning one or more employer-owned life insurance contracts issued after August 17, 2006.

Form 8975. Certain U.S. persons that are the ultimate parent entity of a U.S. multinational enterprise group with annual revenue for the preceding reporting period of \$850 million or more are required to file Form 8975, Country-by-Country Report. Form 8975 and its Schedules A (Form 8975), Tax Jurisdiction and Constituent Entity Information, must be filed with the income tax return of the ultimate parent entity of a U.S. multinational enterprise group for the tax year in or within which the reporting period covered by Form 8975 ends. For more information, see Form 8975, Schedule A (Form 8975), and the Instructions for Form 8975 and Schedule A (Form 8975).

Form 8978. File Form 8978, Partner's Additional Reporting Year Tax, to report adjustments shown on Form 8986, Partner's Share of Adjustment(s) to Partnership-Related Item(s), received from a partnership that has elected to push out adjustments to partnership-related items to their partners.

Form 8990. File Form 8990, Limitation on Business Interest Expense Under Section 163(j), to claim a deduction for business interest unless the taxpayer meets certain specified exceptions. Also, Form 8990 must be filed by any taxpayer that owns an interest in a partnership with current-year or prior-year carryover excess business interest expense allocated from the partnership.

Form 8991. File Form 8991, Tax on Base Erosion Payments of Taxpayers With Substantial Gross Receipts, for any corporation, other than a RIC, a REIT, or an S corporation, that has aggregate gross receipts of at least \$500 million in 1 or more of the 3 preceding tax years ending with the preceding tax year.

Form 8993. File Form 8993, Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI), for the allowance of a deduction for the eligible percentage of FDII. The deduction is allowed only to domestic corporations (not including REITs, RICs, and S corporations).

Form 8994. File Form 8994, Employer Credit for Paid Family and Medical Leave, to figure the employer credit for paid leave.

Form 8995. Refer to Form 8995, Qualified Business Income Deduction Simplified Computation, if you are a trust filing Form 990-T and have unrelated business income, to determine if you have qualified business

income (QBI) and may be allowed a QBI deduction under section 199A.

Form 8995-A. Refer to Form 8995-A, Qualified Business Income Deduction. Use this form to figure your qualified business income deduction. Use the separate Schedules A, B, C, and/or D, of Form 8995-A, as appropriate, to help calculate the deduction.

Form 8997. File Form 8997, Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments, annually to report investments held in a QOF at any time during the year. See the instructions for Form 8997.

Accounting Methods

An accounting method is a practice a taxpayer follows to determine the year in which to report revenue and expenses for federal income tax purposes. An accounting method includes not only the overall plan of accounting for gross income or deductions (for example, an accrual method or the cash receipts and disbursement method), but also the treatment of an item used in such overall plan. However, a practice that does not affect the timing for reporting an item of income or deduction for purposes of determining taxable income is not an accounting method. A taxpayer, including a tax-exempt entity, adopts any permissible accounting method in the first year in which it uses the method in determining its taxable income. See Rev. Proc. 2015-13, 2015-5 I.R.B. 419 as modified by Rev. Proc. 2021-34, 2021-35 I.R.B. 337, section 9 of Rev. Proc. 2025-1, 2025-1 I.R.B. 1, and any successors.

Caution: An exempt organization may adopt an accounting method not only for purposes of calculating taxable income, but also for purposes of determining whether taxable income will be subject to federal income tax. For example, a tax-exempt entity may adopt an accounting method for an item of income from an unrelated trade or business activity even if the gross income from the activity is less than \$1,000 and is therefore not taxed for federal income tax purposes pursuant to Regulations section 1.6012-2(e).

An accounting method for an item of income or deduction may generally be adopted separately for each of the taxpayer's trades or businesses. However, in order to be permissible, an accounting method must clearly reflect the taxpayer's income. Unless instructed otherwise, the organization should generally use the same accounting method on the Form 990-T and all schedules to report revenue and expenses that it regularly uses to keep its books and records.

Accounting method change. Once a taxpayer, including a tax-exempt entity, adopts an accounting method for federal income tax purposes, the taxpayer must generally request the IRS consent before it can change its accounting method (even if the year in which the taxpayer seeks to make the change is a year in which it generates only tax-exempt income or is otherwise not taxed on its taxable income). In most cases, a taxpayer requests consent to change an accounting method by filing Form 3115, Application for Change in Accounting Method. See Rev. Proc. 2015-13, or any successor, for general procedures for obtaining consent to change an accounting method. See the Instructions for Form 3115

and Pub. 538 for more information and exceptions. See Rev. Proc. 2021-34 for additional procedures that may apply for obtaining automatic consent to change methods of accounting for revenue recognition and certain other methods of accounting that may affect the accounting for revenue recognition. Also, see Rev. Proc. 2022-09 for additional procedures that may apply for obtaining automatic consent to change certain methods of accounting related to small businesses.

Depending on the specific accounting method change being requested, the taxpayer may be able to request automatic consent. This means that, as long as the taxpayer follows the applicable procedures, the taxpayer does not have to wait for formal approval by the IRS before applying the new accounting method. See Rev. Proc. 2022-14, 2022-7 I.R.B. 502 available at [IRS.gov/irb/2022-07_IRB#REV-PROC-2022-14](https://www.irs.gov/irb/2022-07_IRB#REV-PROC-2022-14), for the list of automatic changes for 2022; as modified by Rev. Proc. 2022-23; 2022-18 I.R.B. 1052, available at [IRS.gov/irb/2022-18_IRB#REV-PROC-2022-23](https://www.irs.gov/irb/2022-18_IRB#REV-PROC-2022-23), which provides guidance allowing late elections under sections 168(j)(8) and 168(l)(3)(D), and a late election under section 181(a)(1), for a list of accounting method changes that may qualify for automatic consent.

For example, a tax-exempt entity that has adopted an accounting method for an item of income from an unrelated trade or business must generally request consent before it can change its method of accounting for that item in any subsequent year. This is true regardless of whether gross income from the unrelated trade or business is \$1,000 or more in such subsequent year.

Alternatively, if a taxpayer, including a tax-exempt entity, has not yet adopted an accounting method for an item of income or deduction, a change in how the entity reports the item isn't a change in accounting method. In this case, the procedures applicable to requests for accounting method changes (for example, the requirement to file Form 3115) are not applicable. See Rev. Proc. 2015-13 for the definition of what constitutes an accounting method change.

Thus, a tax-exempt entity that has never taken into account an item of income or deduction in determining taxable income does not have to request consent to change its method of reporting that item on its Form 990-T. Additionally, a tax-exempt entity that has never been subject to federal income tax on an item of income or deduction, but that is required to file a Form 990-T solely due to owing a section 6033(e)(2) proxy tax, does not have to request consent to change its method for reporting the item.

Adjustments required when changing an accounting method. A taxpayer, including a tax-exempt entity, that changes its accounting method must generally calculate and report an adjustment to ensure that no portion of the item being changed is permanently omitted or duplicated (see section 481(a)). However, depending on the specific method change, the IRS may provide that an adjustment isn't required or permitted.

Caution: Generally, a taxpayer, including a tax-exempt entity, will recognize a positive section 481(a) adjustment (that is, an increase to income) ratably over 4 tax years

and will recognize a negative section 481(a) adjustment in full in the year of change. See Rev. Proc. 2015-13 or its successor.

An organization may elect a 1-year adjustment period for a positive section 481(a) adjustment that is less than \$50,000. See the Instructions for Form 3115 for more information and the requirements to make this election.

Include any positive section 481(a) adjustment on Schedule A (Form 990-T), Part I, line 12 (Other income). If the section 481(a) adjustment is negative, report it as a deduction on Schedule A (Form 990-T), Part II, line 14 (Other deductions). The section 481(a) adjustment should not be reported on Form 990-T as a negative number.

However, as discussed above, if a tax-exempt entity has not yet adopted an accounting method for an item, a change in how the entity reports the item for purposes of filing the Form 990-T is not a change in accounting method. In this case, an adjustment under section 481(a) isn't required or permitted.

Accounting Period

The return must be filed using the organization's established annual accounting period. If the organization has no established accounting period, file the return on the calendar-year basis.

Applicable entities such as state and local governmental entities and Indian tribal governments that have not established an annual accounting period for purposes of filing a tax return should identify their annual accounting period on their first Form 990-T.

Fiscal year. If the organization has established a fiscal year accounting period, use the 2025 Form 990-T to report on the organization's fiscal year that began in 2025 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. Be certain to indicate on the top of page 1 of Form 990-T the date the organization's fiscal year began in 2025, and the date the fiscal year ended in 2026.

Accounting period change. To change an accounting period, some organizations may make a notation on a timely filed Form 990, 990-EZ, 990-PF, or 990-T. Others may be required to file Form 1128, Application To Adopt, Change, or Retain a Tax Year. For details on which procedure applies to your organization, see Rev. Proc. 85-58, 1985-2 C.B. 740 (for certain organizations exempt under section 501(a)), and Rev. Proc. 2025-6, 2025-6 I.R.B. 713, available at [IRS.gov/irb/2025-06_IRB#REV-PROC-2025-6](https://www.irs.gov/irb/2025-06_IRB#REV-PROC-2025-6) (for certain applicable entities, as defined in section 6417(d)(1)(A)). Also, see the Instructions for Form 1128.

Short period. For the short-period return, figure the tax by placing the organization's taxable income on an annual basis. If the organization changes its accounting period, file Form 990-T for the short period that begins with the first day after the end of the old tax year and ends on the day before the first day of the new tax year. For details, see section 443.

Reporting 990-T Information on Other Returns

Your organization may be required to file an annual information return on:

- Form 990, Return of Organization Exempt From Income Tax;
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax;
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation; or
- Form 5500, Annual Return/Report of Employee Benefit Plan.

If so, include on that information return the unrelated business gross income and expenses (but not including the specific deduction claimed on Part I, line 8, or any expense carryovers from prior years) reported on Form 990-T for the same tax year.

Rounding Off to Whole Dollars

You may round off cents to whole dollars on the organization's return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3. If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total. If you are entering amounts that include cents, make sure to include the decimal point. There is no cents column on the form.

Public Inspection Requirements of Section 501(c)(3) Organizations

Under section 6104(d), a section 501(c)(3) organization that files Form 990-T must make its entire annual exempt organization business income tax return (including amended returns) available for public inspection. See [Appendix C. Public Inspection of Form 990-T Returns Filed by Section 501\(c\)\(3\) Organizations](#), later.

Specific Instructions

Period Covered

File the 2025 form for calendar year 2025 or a fiscal year beginning in 2025 and ending in 2026. For a fiscal year, fill in the tax year information at the top of the form.

The 2025 Form 990-T may also be used if:

- The organization has a tax year of less than 12 months that begins and ends in 2026, and
- The 2026 Form 990-T isn't available at the time the organization is required to file its return. The organization must show its 2026 tax year on the 2025 Form 990-T and take into account any tax law changes that are effective for tax years beginning after 2025.

Name and Address

The name and address on Form 990-T should be the same as the name and address shown on other Forms 990.

If the post office doesn't deliver mail to the street address and the organization has a P.O. box, show the box number instead of the street address.

Enter the room, suite, or other unit number in the applicable box.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

Caution: Change of name. If the organization has changed its name, it must check the box next to "Name of organization" and also provide the following when filing this return, if it is:

- A corporation, is incorporated with the state or limited liability company treated as a corporation for tax purposes (that is, not a disregarded entity)—an amendment to the articles of incorporation or articles of organization along with proof of filing with the state;
- A trust—an amendment to the trust agreement with the trustee(s) signature; or
- An association, or an unincorporated association—an amendment to the articles of association, constitution, by-laws, or other organizing document with signatures of at least two officers/members.

Items A through L

Item A. If the organization has changed its address since it last filed a return, check item A.

Tip: If a change in address occurs after the return is filed, use Form 8822-B, Change of Address or Responsible Party—Business, to notify the IRS of the new address.

Item B. Check the applicable box for which the organization receives its tax exemption.

Qualified pension, profit-sharing, and stock bonus plans should check the box for "501" and enter "a" between the first set of parentheses. Do not make an entry in the space between the second set of parentheses.

For other organizations exempt under section 501, check the box for "501" and enter the section that describes their tax-exempt status, for example, 501(c)(3).

For tax-exempt organizations that don't receive their exemption under section 501, use the following guide.

IF you are a . . .	THEN check this box . . .
IRA, SEP, or SIMPLE	408(e).
Roth IRA	408A.
Archer MSA	220(e).
Coverdell ESA	530(a).
Qualified State Tuition Program	529(a).
Qualified ABLE Program	529A.

Public colleges and universities that have not obtained recognition of exemption under section 501(c)(3), and section 6417(d)(1)(A) applicable entities that are not described in section 501(a) should not check any box in item B.

Item C. Enter the total of the end-of-year assets from the organization's books of account.

Item D. Every organization or entity filing Form 990-T must have its own employer identification number (EIN).

An employees' trust described in section 401(a) and exempt under section 501(a) should enter its own trust identification number.

An IRA trust enters its own EIN. An IRA trust never enters a social security number (SSN) or the trustee's EIN.

Caution: No organization or other entity should use the EIN of any other organization or entity.

Apply for an EIN. An EIN may be applied for in one of the following ways.

- Online by going to [IRS.gov/EIN](https://www.irs.gov/ein). The EIN is issued immediately once the application information is validated.
- By mailing or faxing Form SS-4, Application for Employer Identification Number.

Note: Only organizations located in the United States or U.S. territories can use the online application. Foreign organizations must use one of the other methods to apply for an EIN.

Item E. If the organization is covered by a group exemption, enter the group exemption number.

Item F. Check this box if the organization previously filed a Form 990-T return with the IRS for a tax year and is now filing another return for the same tax year to amend the previously filed return. Also, see [Amended return](#), earlier, for information you must include in an amended return.

Item G. Check the box that describes your organization.

Check the box for "6417(d)(1)(A) Applicable entity" only if no other checkbox on this line applies. For example, a rural electric cooperative exempt under section 501(c)(12) should check the box for "501(c) corporation" or "501(c) trust," (as the case may be). Similarly, a public college or university should check the box for "State college/university" even if it is filing Form 990-T solely with regard to an elective payment election.

"Other trust" includes IRAs, SEPs, SIMPLEs, Roth IRAs, Coverdell ESAs, and Archer MSAs.

Section 529 organizations check the box for "501(c) corporation" or "501(c) trust" depending on whether the organization is a corporation or a trust. Also, the box for "529(a)" in item B must be checked.

Caution: Compute your tax in Part II on the appropriate line.

- If you check the box for "501(c) corporation," you must compute your tax on Part II, line 1, and leave line 2 blank.
- If you check the box for "501(c) trust," "401(a) trust," or "Other trust," you must compute your tax on Part II, line 2, and leave line 1 blank.
- If you check the box for "6417(d)(1)(A) Applicable entity" and are filing Form 990-T solely to make the elective payment election, enter -0- in Part II, line 2, and check the box for "Tax rate schedule."

Item H. Check the applicable box if filing Form 990-T only to claim a credit from Form 8941, to claim a refund shown on Form 2439, or to claim the elective payment election amount from Form 3800.

Item I. Check the box if you are a 501(c)(3) organization filing a consolidated return with a 501(c)(2) title holding corporation. See [Consolidated returns](#), earlier, for additional information.

Item J. Enter the total number of Schedules A (Form 990-T) attached to Form 990-T. An organization with one or more unrelated trades or businesses will complete a separate Schedule A (Form 990-T) for each unrelated trade or business.

Tip: Complete all needed Schedules A (Form 990-T) before completing Parts I through V of Form 990-T.

Item K. Check “Yes” if your organization is a corporation and either (1) or (2) below applies.

1. The corporation is a subsidiary in an affiliated group (defined in section 1504) but isn’t filing a consolidated return for the tax year with that group.
2. The corporation is a subsidiary in a parent-subsidiary controlled group (defined in section 1563).

Excluded member. If the corporation is an excluded member of a controlled group (see section 1563(b)(2)), it is still considered a member of a controlled group for purposes of item K.

Item L. Enter the name and address of the person who has the organization’s books and records and the telephone number where they can be reached.

Part I. Total Unrelated Business Taxable Income

Total of Unrelated Business Taxable Income Computed From All Unrelated Trades or Businesses

Line 1. Enter the sum of the positive amounts from all Schedules A (Form 990-T), Part II, line 18. Don’t include any amount from Schedule A (Form 990-T), Part II, line 18, that is less than zero in the computation of total unrelated trade or business income reported on Part I, line 1.

Line 2. Reserved. Do not enter any amount on this line.

Charitable Contributions

Line 4. Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c). Also, enter any unused contributions carried over from earlier years. The deduction for contributions will be allowed whether or not directly connected with the conduct of a trade or business. See [Appendix B. Charitable Contribution Deduction](#), later.

Deductions for Net Operating Loss Arising in Tax Years Beginning Before 2018

Line 6. Enter the smaller of (a) the amount of net operating loss (NOL) arising in tax years beginning before January 1, 2018, or (b) the amount shown on Part I, line 1.

Specific Deduction

Line 8. A specific deduction of \$1,000 is allowed except for computing the NOL and the net operating loss deduction under section 172.

Only one specific deduction may be taken, regardless of the number of unrelated businesses conducted. However, a diocese, province of a religious order, or convention or association of churches is allowed one specific deduction for each parish, individual church, district, or other local unit that regularly conducts an unrelated trade or business. This applies only to those parishes, districts, or other local units that aren’t separate legal entities but are components of a larger entity (diocese, province, convention, or association). Each specific deduction will be the smaller of \$1,000 or the gross income from any unrelated trade or business the local unit conducts. If you claim a total specific deduction larger than \$1,000, you must attach a statement showing how you figured the amount. The attached statement should include the name of each local unit, its gross unrelated business income, and its allowable specific deduction (which can’t exceed the smaller of \$1,000 or the local unit’s gross unrelated business income).

The diocese, province of a religious order, or convention or association of churches must file a return reporting the gross income and deductions of all its units that aren’t separate legal entities. These local units can’t file separate returns because they aren’t separately incorporated. Local units that are separately incorporated must file their own returns and can’t be included with any other entity except for a title holding company. See [Consolidated returns](#), earlier.

For details on the specific deduction, see section 512(b)(12) and the related regulations.

Section 199A Deduction

For trust filers only. If you are a trust filing Form 990-T and have unrelated business income, you may have qualified business income (QBI) and may be allowed a QBI deduction under section 199A.

Refer to the instructions for Form 8995, or Form 8995-A, (as applicable) to determine whether you meet the requirements for the QBI deduction and how to complete the applicable form.

Line 9. For purposes of calculating the QBI deduction, the taxable income before the QBI deduction is the amount reported on Part I, line 7, minus the amount reported on Part I, line 8.

Note: The organization determines the unrelated business income separately for each unrelated trade or business, and the income for an unrelated trade or business can’t be less than zero. Since a loss from an unrelated trade or business isn’t included in the UBTI for the tax year due to application of section 512(a)(6), when calculating QBI, omit items of income, gain, deduction, and loss from any unrelated trade or business that operated at a loss. A loss from an unrelated trade or business will be carried forward to future years when the trust has income (or gain that is subject to unrelated business income tax) from the same unrelated trade or

business and will be used in those years in calculating the QBI. Additionally, W-2 wages and unadjusted basis immediately after the acquisition of qualified property from an unrelated trade or business that operated at a loss for the current tax year aren't used in calculating the limitation on QBI for taxpayers over the threshold.

Part II. Tax Computation

Organizations Taxable as Corporations

Line 1. Multiply Part I, line 11, by 21% (0.21).

Trusts

Line 2. Trusts exempt under section 501(a), which otherwise would be subject to subchapter J (estates, trusts, etc.), are taxed at trust rates. This rule also applies to employees' trusts that qualify under section 401(a). Most trusts figure the tax on the UBTI amount on Part I, line 11, using the Tax Rate Schedule for Trusts, below. If the tax rate schedule is used, enter the tax on Part II, line 2, and check the box for "Tax rate schedule." If the trust is eligible for the rates on net capital gains and qualified dividends, complete Schedule D (Form 1041) and enter on Part II, line 2, the tax from Schedule D (Form 1041). Check the box for "Schedule D" on line 2 and attach Schedule D (Form 1041) to Form 990-T.

Caution: A trust with more than one unrelated trade or business that computes its tax on Schedule D (Form 1041) may need to adjust the amount entered on Schedule D (Form 1041), Part V, line 22, to include only the net gain from Schedule D (Form 1041), line 18a (column 2), or line 19 (column 2), that is included in income on Part I of Form 990-T.

Tax Rate Schedule for Trusts

If the amount on Part II, line 2, is:			
Over—	But not over—	Tax is:	Of the amount over—
\$0	\$3,150	10%	\$0
3,150	11,450	\$315 + 24%	3,150
11,450	15,650	2,307 + 35%	11,450
15,650	-----	3,777 + 37%	15,650

Proxy Tax

Line 3. To pay the section 6033(e)(2) proxy tax on nondeductible lobbying and political expenditures, enter the proxy tax on Part II, line 3, and attach a statement showing the computation.

Exempt organizations, except section 501(c)(3) and certain other organizations, must include certain information regarding lobbying expenditures on Form 990. In addition, organizations may have to provide notices to members regarding their share of dues to which the expenditures are allocable. See the Instructions for Form 990 and Rev. Proc. 98-19, 1998-1 C.B. 547, for exceptions.

If the organization elects not to provide the notices described earlier, it must pay the proxy tax described in section 6033(e)(2). If the organization doesn't include the entire amount of allocable dues in the notices, it may have to pay the proxy tax. This tax isn't applicable to section 501(c)(3) organizations. Figure the proxy tax by

multiplying the aggregate amount not included in the notices described earlier by 21%. No deductions are allowed.

Other Tax Amounts

Line 4a. Enter the amount from Form 4255, Part I, line 3, column (q).

Line 4b. Part II, line 4b, is intended to capture any positive tax amount that doesn't have a specific line. An MeF (Internet filing) dependency (attachment) captures the detail. Use line 4b to report tax amounts not reported on a specific line in Part II (excluding tax deferred under section 1294, which is included on Part III, line 4).

- Enter the base erosion minimum tax amount under section 59A from Form 8991, Part IV, line 5e. Section 59A applies to base erosion payments paid or accrued in tax years beginning after 2017. See the Instructions for Form 8991 to determine if the organization is an applicable taxpayer under section 59A(e), and, if the organization is an applicable taxpayer, to determine the base erosion minimum tax amount.
- Enter the tax and interest on a nonqualified withdrawal from a capital construction fund (section 7518).
- Enter the deferred tax amount (defined in section 1291(c)(1)) that is the aggregate increase in taxes (described in section 1291(c)(2)) on an excess distribution from a passive foreign investment company (PFIC) that is taxable as UBTI. See the Instructions for Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.
- Enter the increase in tax attributable to a partner's audit liability. If your organization received Form 8986 from one or more partnerships that have elected to push out adjustments to partnership-related items to their partners, complete and attach Form 8978. See the Instructions for Form 8978. Include any increase in taxes due from Form 8978, line 14, on Part II, line 4b. If Form 8978 shows a decrease in tax, do not report that here. Instead, a negative adjustment should be reported in Part III on line 1b.

Unless otherwise indicated, when reporting deferred tax on line 4b, don't include interest on the tax amount. Instead, report such interest as "Other amounts due" on Part III, line 3e. For example, interest on tax deferred under section 1291(c)(1), determined under section 1291(c)(3), is reported on Part III, line 3e.

How to report. Attach a statement to Part II, line 4b, showing (a) a brief description of the type of tax, and (b) the amount. For example, if the organization is reporting \$100 of tax due from an increase in tax attributable to a partner's audit liability (Form 8978), the attachment would show "Form 8978" and "\$100."

Alternative Minimum Tax

Line 5. Organizations liable for tax on unrelated business taxable income may be liable for alternative minimum tax.

Trusts attach Schedule I (Form 1041), Alternative Minimum Tax—Estate and Trusts, and enter any tax from Schedule I on this line.

Corporations may need to complete Form 4626, Alternative Minimum Tax—Corporations, and enter any tax from Form 4626 on this line. You may need to file Form 4626 with your tax year 2025 Form 990-T. See the Instructions for Form 4626 for more information.

Tax on Noncompliant Facility Income

Line 6. There is a tax on a hospital organization's noncompliant facility income. See Regulations section 1.501(r)-2 for more information. This tax is an income tax and is separate from the excise tax on a failure to meet the community health needs assessment requirements of section 501(r)(3) that is reported on Form 4720.

Total

Line 7. Add Part II, lines 3, 4, 5, and 6, to Part II, line 1 or 2, whichever applies.

Part III. Tax and Payments

Foreign Tax Credit

Corporations. See Form 1118, Foreign Tax Credit—Corporations, for an explanation of when a corporation can claim this credit for payment of income tax to a foreign country or U.S. possession.

Trusts. See Form 1116, Foreign Tax Credit (Individual, Estate, or Trust), for rules on how the trust computes the foreign tax credit.

Line 1a. Complete the form that applies to the organization and attach the form to Form 990-T. Enter the credit on this line.

Other Credits

Line 1b. Use line 1b to enter nonrefundable credits not identified elsewhere in Part III, line 1. Attach a statement that lists the applicable form and the amount of the credit. Such credits may include the following.

- Any QEV passive activity credits from prior years allowed for the current tax year from Form 8834, Qualified Electric Vehicle Credit, line 7. Attach Form 8834.
- The allowable credits from Form 8912, Credit to Holders of Tax Credit Bonds, line 12.
- If your organization received Form 8986 from one or more partnerships that have elected to push out adjustments to partnership-related items to their partners, complete and attach Form 8978. See the Instructions for Form 8978. Enter the amount of any decrease in taxes due from Form 8978, line 14.

General Business Credit

Line 1c. Enter the organization's total general business credit (excluding the work opportunity credit, the employee retention credit, the empowerment zone employment credit, and the credit for employer differential wage payments).

The organization is required to file Form 3800, General Business Credit, to claim any business credit. For a list of credits, see Form 3800. Include the allowable credit from Form 3800, Part II, line 38, on Form 990-T, Part III, line 1c.

Caution: An organization described in section 501(c) which is exempt from tax under section 501(a) should not use Form 3800 to claim the refundable small employer tax credit for certain health insurance premiums paid on behalf of its employees. See the instructions for Part III, [Line 6f](#), later. Also, see the Instructions to Form 3800.

Credit for Prior-Year Minimum Tax

Line 1d. Use Form 8801 to figure the minimum tax credit and any carryforwards of that credit for trusts. For corporations, use Form 8827.

Total Credits

Line 1e. Add lines 1a through 1d.

Amounts Due

Line 3a. Enter the amount from Form 4255, Part I, line 3, column (r).

Line 3b. If the corporation disposed of property (or there was a reduction in the qualified basis of the property) for which it took the low-income housing credit, and the corporation did not follow the procedures that would have prevented recapture of the credit, it may owe a tax. See Form 8611, Recapture of Low-Income Housing Credit.

Line 3c. If the corporation used the percentage-of-completion method under section 460(b) for certain long-term contracts, figure any interest due or to be refunded using the look-back method, described in section 460(b)(2). Use Form 8697 to figure any interest due or to be refunded. See the Instructions for Form 8697. Include any interest due on line 3c.

Line 3d. If the corporation used the income forecast method to depreciate property, it must figure any interest due or to be refunded using the look-back method, described in section 167(g)(2). Use Form 8866 to figure any interest due or to be refunded. See the Instructions for Form 8866. Include any interest due on line 3d.

Line 3e. Other amounts due may be included in the total entered on Part III, line 3e. See *How to report* below for details on reporting these amounts on an attached statement.

- Interest on deferred tax attributable to installment sales of certain time-shares and residential lots (section 453(l)(3)) and certain nondealer installment obligations (section 453A(c)).
- Interest due on deferred gain (section 1260(b)).
- If the organization makes the election to be taxed on its income from qualifying shipping activities, complete Form 8902, Alternative Tax on Qualifying Shipping Activities, and attach it to Form 990-T. See [Income from qualifying shipping activities](#), later.

How to report. If the organization entered amounts on line 3e, attach a statement showing the computation of each item included in the total for Part III, line 3e. In addition, specify the following.

- The applicable Code section or form number.
- The type of tax or interest.
- The amount of tax or interest.

For example, if the organization is reporting \$100 of tax due from the recapture of the QEV credit, enter "Section

30—QEV recapture tax—\$100” on the attached statement.

Total Tax

Line 4. Include any deferred tax on the termination of a section 1294 election applicable to shareholders in a qualified electing fund (QEF) in the amount entered on Part III, line 4. See Form 8621, Part VI, and [How to report](#), later.

Subtract from the total entered on Part III, line 4, any deferred tax on the corporation’s share of undistributed earnings of a QEF. See Form 8621, Part III.

How to report. Attach a statement showing the computation of each item included in, or subtracted from, the total on Part III, line 4. In addition, specify the following.

- The applicable Code section.
- The type of tax.
- The amount of tax.

Section 965 and 1062

Line 5a, Section 965

Corporation. For tax years 2021 and later, a corporation will not have any section 965(a) inclusions to report. If the organization elected to pay its section 965 net tax liability in installments, the organization should attach Form 965-B to Form 990-T. However, the current-year installment should be paid with a separate voucher, which will be mailed to the organization in advance of the payment due date. Don’t include the current-year installment in the Tax and Payments computation in Part III.

Trust. A trust that has “net 965 tax liability” for the current tax year (as described in the Instructions for Form 965-A) should enter on line 5a the amount from the current-year line on Form 965-A, Part II, column (k). If the trust has no net 965 tax liability for the current tax year, but has elected to pay its section 965 net tax liability in installments, the trust should attach Form 965-A to Form 990-T, but should not include the current-year installment in the Tax and Payments computation in Part III (as described above for corporations).

Line 5b—First Installment of Section 1062 Applicable Net Tax Liability

Complete and attach Form 1062, Schedule(s) A (Form 1062), and a copy of the covenant(s) if electing to defer the payment of the net income tax attributable to the gain on the sale or exchange of qualified farmland property during this tax year under section 1062. Enter the amount from Form 1062, Part III, line 15. See section 1062 and the Instructions for Form 1062 for more information.

Tax Payments

Line 6b. Enter the total estimated tax payments made for the tax year.

If an organization is the beneficiary of a trust, and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the organization’s share of the estimated tax payments in the

total amount entered here. Attach a statement showing the amount of the section 643(g) credit amount.

Foreign Organizations

Line 6d. Enter the tax withheld on UBTI from U.S. sources that isn’t effectively connected with the conduct of a trade or business within the United States. Attach Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding, or another form which verifies the withheld tax reported on Part III, line 6d.

Backup Withholding

Line 6e. Recipients of dividend or interest payments must generally certify their correct tax identification number to the bank or other payer on Form W-9. If the payer doesn’t get this information, it must withhold part of the payments as “backup withholding.” If your organization was subject to erroneous backup withholding because the payer didn’t realize you were an exempt organization and not subject to this withholding, you can claim credit for the amount withheld by including it on Part III, line 6e. See [Backup withholding](#), earlier.

Credit for Small Employer Health Insurance Premiums

Line 6f. An organization described in section 501(c) which is exempt from tax under section 501(a) may be eligible to claim the refundable small employer tax credit for a percentage of certain health insurance premiums paid on behalf of its employees.

A tax-exempt eligible small employer can request the refundable credit by attaching Form 8941, Credit for Small Employer Health Insurance Premiums, showing the calculation for the amount of the refundable credit claimed. A tax-exempt organization is eligible for the refundable credit if it is an organization that is described in section 501(c) which is exempt from tax under section 501(a). The organization must keep records to substantiate the amount of the credit claimed.

Tip: If a tax-exempt eligible small employer is filing Form 990-T only to request a credit for small employer health insurance premiums paid, complete the following steps.

1. Fill in the heading (the area above Part I) except items J and K. Check the box for “Credit from Form 8941” in item H.
2. Enter -0- on Part I, line 11, and Part III, line 4.
3. Enter the credit from Form 8941, line 20, on Part III, line 6f.
4. Complete Part III, lines 7, 10, and 11, and the signature area.

Elective Payment Election

Line 6g. Enter on line 6g the total net elective payment election amount from Form 3800, Part III, line 6, column (j).

Tax on Undistributed Long-Term Capital Gain by RIC or REIT

Line 6h. Enter the amount of tax paid by a regulated investment company (RIC) or real estate investment trust (REIT) on undistributed long-term capital gains. Attach each Form 2439 you received from each RIC or REIT of which you are a shareholder. If you are filing a composite Form 990-T, see [Composite Form 990-T](#), earlier.

Credit for Federal Excise Tax Paid on Fuels

Line 6i. If you paid a federal excise tax on certain fuels and qualify for any of the credits listed below, attach Form 4136 to your return and enter the total credit on line 6i.

- A credit for certain nontaxable uses (or sales) of fuel during your income tax year.
- A credit for blending a diesel-water fuels emulsion.
- A credit for exporting dyed fuels or gasoline blendstocks.

See the Instructions for Form 4136 for more information about these credits.

Note: Form 8849, Claim for Refund of Excise Taxes, may be used to claim a periodic refund of excise taxes instead of waiting to claim a credit on Form 4136. See the Instructions for Form 8849 and Pub. 510, Excise Taxes.

Other Credits

Line 6j. For other credits provide the following information.

- The number of the form used to calculate the credit, or the Code section that establishes the credit.
- A brief description of the credit.
- The amount of the credit.

If necessary, provide information required to claim a specific credit in Part V, Supplemental Information.

Other credits may include the following.

- The credit for ozone-deleting chemicals. Include any credit the organization is claiming under section 4682(g) for taxes paid on chemicals used as propellants in metered-dose inhalers.
- The amount of current year net section 965 tax liability, for a trust, this amount will be from Form 956-A, Part I, column (d), line 4.

Note: Do not use Part III, line 6j, to claim a refund of federal tax withheld and shown on a Form 1099. Claims for refund of backup withholding should be shown on Part III, line 6e.

Section 1062 Applicable Net Tax Liability

Line 6k. If the organization is electing to defer the payment of the net income tax attributable to the gain on the sale or exchange of qualified farmland property, complete and attach Form 1062 and Schedule(s) A (Form 1062). Enter the amount from Form 1062, Part III, line 14. See section 1062 and the Instructions for Form 1062 for more information.

Estimated Tax Penalty

Line 8. Use Form 2220, Underpayment of Estimated Tax by Corporations, to see if the organization owes a penalty and its amount. Generally, the organization isn't required to file this form because the IRS can figure the amount of any penalty and notify the organization. However, even if the organization doesn't owe the penalty, you must complete and attach Form 2220 if either of the following applies.

- The annualized income or adjusted seasonal installment method is used.
- The organization is a "large organization" computing its first required installment based on the prior year's tax.

If you attach Form 2220, check the box on Form 990-T, Part III, line 8, and enter the amount of any penalty on this line.

Tax Due

Line 9. You must pay the tax in full when the return is filed. You may pay by EFTPS. For more information about EFTPS, see [Electronic deposit requirement](#), earlier. Also, you may pay by credit or debit card.

To pay by credit or debit card. For information on paying your taxes electronically, including by credit or debit card, go to [IRS.gov/E-pay](#).

Direct Deposit

Line 11. If the organization has access to U.S. banking services, you should use direct deposit for any refunds, whenever possible. See [IRS.gov/DirectDeposit](#) for more information.

Direct deposit is available for this form. If there is an overpayment when filing the return, complete and attach Form 8050. For more information see the Instructions for Form 8050.

Part IV. Statements Regarding Certain Activities and Other Information

Complete all lines in Part IV.

Line 1. Check "Yes" if either item (1) or (2) below applies.

1. At any time during the year the organization had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account); and
 - a. The combined value of the accounts was more than \$10,000 at any time during the year; and
 - b. The accounts were not with a U.S. military banking facility operated by a U.S. financial institution.
2. The organization owns more than 50% of the stock in any corporation that would answer "Yes" to item (1).

If the "Yes" box is checked, write the name of the foreign country or countries. If the list of foreign country names will not fit in the available space, continue the list in Part V, Supplemental Information.

Get FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to see if the organization is considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). If the organization is required to file this form, file FinCEN Form 114 electronically with the Department of the Treasury using FinCEN's BSA E-Filing System. Because FinCEN Form 114 isn't a tax form, don't file it with Form 990-T.

See [FinCEN](#) for more information.

Line 2. The organization may be required to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, if either of the following applies.

- It directly or indirectly transferred money or property to a foreign trust. For this purpose, any U.S. person who created a foreign trust is considered a transferor.
- It is treated as the owner of any part of the assets of a foreign trust under the grantor trust rules.

See the Instructions for Form 3520.

Caution: An owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner. For details, see the Instructions for Form 3520-A.

Line 3. Report any tax-exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other RIC.

Line 4. Use line 4 to show the amount of the NOL carryover to the tax year from tax years prior to 2018 ("pre-2018 NOL"), even if some of the loss is used to offset income on this return. The amount to enter is the total of all pre-2018 NOLs generated in any year prior to 2018, and not used to offset income (either as a carryback or carryover) to a tax year prior to 2025. Do not reduce the amount by any NOL deduction reported on Part I, line 6.

Line 5. Use the table on line 5 to show the amount of each NOL carryover from tax years after 2017 that is attributable to each separate trade or business conducted at any time after 2017 ("siloes post-2017 NOL") to the tax year. Include the NOL for each separate trade or business conducted after 2017, even if a Schedule A (Form 990-T) for any one or more specific trades or businesses isn't included with this return for this tax year. Report the full amount of the available NOL for each separate trade or business, even if some of the loss is used.

In the first column under line 5, enter the business activity code to which each NOL relates. In the second column, enter the total amount of each siloes post-2017 NOL generated in any prior year after 2017 and not used to offset income (either as a carryback or carryover) to a tax year prior to 2025 to offset income reported on a Schedule A (Form 990-T) filed for that separate trade or business on this return. Don't reduce the amount by any NOL deduction reported on Schedule A (Form 990-T), Part II, line 17. See [Separate Trades or Businesses](#), later, for information about changing the business activity code associated with a particular trade or business, and the effect of such a change on NOLs.

Part V. Supplemental Information

Use Part V to provide the IRS with narrative information required for responses to specific questions on Form 990-T, and to explain the organization's operations or responses to various questions.

Signature

Corporations. The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, or chief accounting officer, or by any other corporate officer (such as a tax officer) authorized to sign. Receivers, trustees, or assignees must also sign and date any return filed on behalf of the organization.

Trusts. The return must be signed and dated by the individual fiduciary, or by the authorized officer of the trust receiving or having custody or control and management of the income of the trust. If two or more individuals act jointly as fiduciaries, any one of them may sign.

Special rule for IRA trusts. A trustee of IRA trusts may use a facsimile signature if all of the following conditions are met.

- Each group of returns sent to the IRS must be accompanied by a letter signed by the person authorized to sign the returns declaring, under penalties of perjury, that the facsimile signature appearing on the returns is the signature adopted by that person to sign the returns filed and that the signature was affixed to the returns by that person or at that person's direction.
- The letter must also list each return by the name and EIN of the IRA trust.
- After the facsimile signature is affixed, no entries on the return may be altered other than to correct discernible arithmetic errors.
- A manually signed copy (of the letter submitted to the IRS with the returns and a record of any arithmetic errors corrected) must be retained on behalf of the IRA trusts listed in the letter and it must be available for inspection by the IRS.

Paid Preparer

Anyone who is paid to prepare the return must sign the return, list the preparer tax identification number (PTIN), and fill in the other blanks in the *Paid Preparer Use Only* area unless that person is paid for preparation as part of their duties as your employee.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature;
- Include their PTIN; and
- Give a copy of the return to the organization.

Note: A paid preparer may sign original returns, amended returns, or requests for filing extensions by rubber stamp, mechanical device, or computer software program. Also, facsimile signatures are authorized.

Paid preparer authorization. If the organization wants to allow the IRS to discuss this tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the *Paid*

Preparer Use Only section of its return. It doesn't apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the organization is authorizing the IRS to call the paid preparer to:

- Give the IRS any information that is missing from its return;
- Call the IRS for information about the processing of its return or the status of its refund or payment(s); and
- Respond to certain IRS notices that the organization has shared with the preparer about a math error, offsets, and return preparation. The notices won't be sent to the preparer.

The organization isn't authorizing the paid preparer to receive any refund check, bind the organization to anything (including any additional tax liability), or otherwise represent the organization before the IRS. If the organization wants to expand the paid preparer's authorization, see Pub. 947, Practice Before the IRS and Power of Attorney.

The authorization can't be revoked. However, the authorization will automatically end no later than the due date (excluding extensions) for filing next year's Form 990-T.

Caution: Enter the paid preparer's PTIN, not their SSN, in the "PTIN" box in the paid preparer's block. Because Form 990-T is publicly disclosable when filed by a 501(c)(3) organization, any information entered in this block will be publicly disclosed. For more information about PTINs, go to [IRS.gov/Taxpros](https://www.irs.gov/Taxpros).

General Instructions—Schedule A (Form 990-T)

Purpose of the Schedule

Complete a separate Schedule A (Form 990-T) to report income and allowable deductions for each separate unrelated trade or business.

Separate Trades or Businesses

An exempt organization may engage in more than one unrelated trade or business. Prior to the enactment of section 512(a)(6), an exempt organization deriving gross income from the regular conduct of two or more unrelated trades or businesses calculated UBTI by determining its aggregate gross income from all such unrelated trades or businesses and reducing that amount by the aggregate deductions allowed with respect to all such unrelated trades or businesses. However, section 512(a)(6) changed this calculation for exempt organizations with more than one unrelated trade or businesses so that, in the case of any exempt organization with more than one unrelated trade or business:

- UBTI, including for purposes of determining any NOL deduction, shall be computed separately with respect to each trade or business and without regard to section 512(b)(12) (allowing a specific deduction of \$1,000);
- The UBTI of such exempt organization shall be the sum of the UBTI so computed with respect to each

trade or business, less a specific deduction under section 512(b)(12); and

- For purposes of section 512(a)(6)(B), UBTI with respect to any such trade or business shall not be less than zero.

Thus, under section 512(a)(6), an exempt organization may not aggregate income and deductions from all unrelated trades or businesses when calculating UBTI.

An organization determines whether it regularly carries on one or more unrelated trades or businesses by applying sections 511 through 514. Identify each separate trade or business using the first two digits of the NAICS two-digit code that most accurately describes the unrelated trade or business based on the more specific NAICS code, such as at the six-digit level. Identify activities in the nature of investments, which aren't described in NAICS, using the appropriate business activity code described under [Non-NAICS Business Activity Codes](#), later.

An organization will use each NAICS two-digit code only once. For example, a hospital organization that operates several hospital facilities that include pharmacies that sell goods to the general public would include all the pharmacies under the NAICS two-digit code for retail trade, regardless of whether the hospital organization keeps separate books and records for each pharmacy.

Once a two-digit NAICS code or business activity code is used for an unrelated trade or business, you should continue to use that same code in subsequent tax years. If it is necessary to change the two-digit NAICS code or business activity code previously used for an unrelated trade or business, you must report the change in a statement attached to the Schedule A (Form 990-T) on which the activities are reported. The statement should include the following.

- The two-digit NAICS code or business activity code used in the previous tax year.
- The two-digit NAICS code or business activity code used this year.
- If filing more than one Schedule A (Form 990-T), the sequence numbers from item D of the applicable Schedule A (Form 990-T).
- A narrative explanation describing the reason for the change.

Caution: See Regulations section 1.512(a)-6(h)(4) regarding the potential effects on NOL carryforwards upon a change of the two-digit NAICS code for an unrelated trade or business.

Caution: Regulations section 1.512(a)-6(c)(9) describes a transition rule for certain partnership interests. The transition period ended on the first day of the first tax year beginning after December 2, 2020.

Dual-Use Property

Section 512(a)(1) permits an exempt organization with an unrelated trade or business to reduce the income from that trade or business by the deductions allowed by

Chapter 1 that are directly connected with the carrying on of such trade or business. To be “directly connected” with a trade or business, an item of deduction must have a proximate and primary relationship to the carrying on of the unrelated trade or business generating the gross income. See Regulations section 1.512(a)-1(a).

Expenses, depreciation, and similar items attributable solely to the conduct of an unrelated trade or business are proximately and primarily related to that trade or business and qualify to reduce income from such trade or business under section 512(a)(1) to the extent such items meet the requirements of section 162 (trade or business expenses), section 167 (depreciation), and other relevant provisions. To the extent that an exempt organization may have items of deduction that are shared between an exempt activity and an unrelated trade or business, Regulations section 1.512(a)-1(c) provides special rules for allocating such expenses.

For example, if facilities are used both to carry on exempt activities and to conduct unrelated trade or business activities, then expenses, depreciation, and similar items attributable to such facilities must be allocated between the two uses on a reasonable basis. See Regulations section 1.512(a)-1(c). The allocation issues under section 512(a)(1) are also relevant under section 512(a)(6) because an exempt organization with more than one unrelated trade or business must not only allocate indirect expenses among exempt and taxable activities, as described in Regulations section 1.512(a)-1(c) but also among separate unrelated trades or businesses.

The allocation of expenses, depreciation, and similar items using an unadjusted gross-to-gross method is not reasonable if the cost of providing the good or service is substantially the same but the price charged differs between related and unrelated activities.

Which Parts To Complete

Complete a separate Schedule A (Form 990-T), Parts I and II, for each unrelated trade or business. Complete only the lines relevant to the unrelated trade or business being reported on that Schedule A (Form 990-T).

Is gross income more than \$10,000? If the sum of the amounts in all Schedules A (Form 990-T), Part I, line 13, column (A), is more than \$10,000, you must complete all parts of each Schedule A (Form 990-T) that apply to the unrelated trade or business reported on that Schedule A (Form 990-T).

Is gross income \$10,000 or less? If the sum of the amounts in all Schedules A (Form 990-T), Part I, line 13, column (A), is \$10,000 or less, complete Schedule A (Form 990-T) and Form 990-T as follows.

1. Schedule A (Form 990-T).
 - a. Complete the heading on each Schedule A (Form 990-T).
 - b. Part I. Complete only the lines that apply.

- i. Enter information directly into column (A) on lines 1, 3–5, 12, and 13.
 - ii. Entries for lines 2 and 6–11, must be made on the part referenced in the text for the line in Part I. For example, enter the amount for Part I, line 2, on Part III, line 8. For Part I, line 6, columns (A) and (B), enter the amounts on Part IV, line 3 and line 5, respectively.
 - iii. Make entries as necessary to complete the applicable lines in column (C).
 - c. Part II. Complete lines 15–18, and if necessary, the attachment to line 17 (NOL deduction).
2. Form 990-T.
 - a. Complete all applicable lines in the heading area.
 - b. Complete all applicable lines as needed to determine the appropriate tax, applicable credits, and balance due or refund amounts.
 - c. Complete the signature area.

Caution: If an entry for a line on Part I or Part II must be made on a different part of Schedule A (Form 990-T), complete only the lines in the part that reference a specific line on Part I or Part II. Leave all other lines in the applicable Part blank.

Filers with gross income of \$10,000 or less, as described above, don't have to complete Schedule A (Form 990-T), Parts III through X (except as described above because certain entries must be made in those sections to populate lines in Parts I and II). However, refer to the applicable parts of Schedule A (Form 990-T) when completing Schedule A (Form 990-T), Part I, column (A), and in determining the deductible expenses to include on Schedule A (Form 990-T), Part I, line 13, column (B).

Exceptions and Special Rules

Member income of mutual or cooperative electric companies. Income of a mutual or cooperative electric company described in section 501(c)(12), which is treated as member income under subparagraph (H), is excluded from UBTI.

Income from qualifying shipping activities. The organization's gross income doesn't include income from qualifying shipping activities (as defined in section 1356) if the organization makes an election under section 1354 on a timely filed return (including extensions) to be taxed on its notional shipping income (as defined in section 1353) at the highest corporate rate. If the election is made, the organization generally may not claim any loss, deduction, or credit with respect to qualifying shipping activities. An organization making this election may also elect to defer gain on the disposition of a qualifying vessel under section 1359. Use Form 8902 to figure the tax. Include the alternative tax on Form 990-T, Part III, line 3e.

Passive loss and at-risk limitations. Under section 469, certain taxpayers, including certain tax-exempt organizations, may not deduct a passive activity loss (PAL). Such tax-exempt organizations (“affected tax-exempt organizations”) include a trust (such as a trust

described in section 501(c), a trust described in section 401(a), or an IRA), and a corporation if at any time during the last half of its tax year more than 50% in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for not more than five organizations that are private foundations under section 509(a) or are described in section 401(a) or 501(c)(17) (for example, a stock corporation described in section 501(c)(2) with a 401(a) parent or private foundation parent).

A PAL occurs when total losses (including prior-year unallowed losses) from all the organization's passive activities exceed the total income from all its passive activities. Generally, passive activities include (1) trade or business activities in which the organization didn't materially participate for the tax year; and (2) rental activities, regardless of your participation. If the organization has income or loss from a passive activity, several lines on Form 990-T and Schedule A (Form 990-T) may be affected by these rules.

PALs can't be used to offset income from nonpassive activities. Passive activity income doesn't include portfolio income. Portfolio income (see Temporary Regulations section 1.469-2T(c)(3)) is income from a nonpassive activity. Portfolio income includes all gross income, other than income derived in the ordinary course of a trade or business, that is attributable to interest, dividends, annuities, and royalties (by contrast, a bank's receipt of interest is in the ordinary course of a trade or business, as is a securities dealer's receipt of dividends). Portfolio income also includes gain or loss from the disposition of property that produces portfolio income or is held for investment (see section 163(d)(5)). The rule treating portfolio income as not from a passive activity doesn't apply to the extent that income, of a type generally regarded as portfolio income, is derived in the ordinary course of a trade or business. For example, the business income of a bank typically is largely interest. Similarly, a securities broker/dealer may earn a substantial portion of the income from the business in the form of dividends and gains on sales of dividend-bearing instruments. Interest income may also arise in the ordinary course of a trade or business with respect to installment sales and interest charges on accounts receivable. This means that portfolio income may not be reduced by PALs or passive activity credits. For example, any portfolio income earned by a trust described in section 501(a) that is UBTI (such as unrelated debt-financed income) may not be offset by PALs from an unrelated trade or business.

Section 469(k) provides that the passive activity limitations must be applied separately to items from each publicly traded partnership (PTP). A PTP is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or its substantial equivalent). PALs from a PTP may generally be used only to offset income or gain from passive activities of the same PTP. This means that a partner in a PTP may not use PALs and passive activity credits from a PTP to offset income from other sources, including passive activity income from another PTP. Such PALs and passive activity credits aren't allowed for the tax year.

Generally, PALs are subject to other limitations (for example, basis and at-risk limitations) before they are

subject to the PAL limitations. For example, the at-risk rules under section 465 generally prohibit trusts and corporations that are affected tax-exempt organizations from claiming losses from activities in excess of the taxpayer's amount at risk in the activity.

An affected tax-exempt organization may need to attach Form 6198 and either Form 8582 or Form 8810. For more information on these rules, see Pub. 925, *Passive Activity and At-Risk Rules*.

Caution: How to report income received from a payment card and third-party network transaction.

An organization that receives a Form 1099-K reporting a "gross amount" received from payment card and third-party network transactions in the tax year should report these amounts in the same manner as if the payments weren't reported on a Form 1099-K. There isn't any one specific line on which to report an amount from Form 1099-K; the correct line should be determined based on the nature of the payments. Some payments received may constitute unrelated business income; see the instructions below to determine the appropriate line. For instance, if some of the payments are sales income from an unrelated business, then those payments would be reported on Schedule A (Form 990-T), Part I, line 1a. Retain Form 1099-K with your other records.

Specific Instructions—Schedule A (Form 990-T)

Items A Through E

Item A. Enter the same name as entered in the heading area of Form 990-T.

Item B. Enter the same EIN as entered in item D of Form 990-T.

Item C. On each Schedule A (Form 990-T), enter the business activity code that best describes the organization's unrelated trade or business reported on that Schedule A (Form 990-T). Modernized e-File requires a 6-digit numerical entry for item C. Unless you are using a 6-digit non-NAICS business activity code, you should enter the 2 digits of the NAICS code in the first two positions and then enter 4 zeros to complete the entry. For example, if the 2-digit business activity code 45 (for retail trade) best describes your unrelated trade or business, enter "450000" in item C. See [Business Activity Codes](#), later, for more information about business activity codes.

Part I. Unrelated Trade or Business Income

Gross Receipts or Sales

Line 1a. Enter the gross receipts from an unrelated trade or business regularly conducted that involves the sale of goods or performance of services.

Tip: A section 501(c)(7) social club would report its restaurant and bar receipts from nonmembers on Schedule A (Form 990-T), Part I, line 1a, but would report its investment income on Schedule A (Form 990-T), Part I, line 9, and on Schedule A (Form 990-T), Part VII.

Advance payments. In general, advance payments are reported in the year of receipt. To report income from long-term contracts, see section 460. For rules that allow a limited deferral of advance payments beyond the current tax year, see section 451(c). Also, see Regulations sections 1.451-8(c), (d), and (e). For applicability dates, see Regulations section 1.451-8(h). For information on adopting or changing to a permissible method for reporting advance payments for services and certain goods by an accrual method corporation, see the Instructions for Form 3115. Also, see Rev. Proc. 2021-34.

Installment sales. Generally, the installment method cannot be used for dealer dispositions of property. A dealer disposition is:

- Any disposition of personal property by a person who regularly sells or otherwise disposes of personal property of the same type on the installment plan, or
- Any disposition of real property held for sale to customers in the ordinary course of the taxpayer's trade or business.

These restrictions on using the installment method don't apply to dispositions of property used or produced in a farming business or sales of time-shares and residential lots for which the organization elects to pay interest under section 453(l)(3).

For sales of time-shares and residential lots reported under the installment method, the organization's income tax is increased by the interest payable under section 453(l)(3).

Enter on Schedule A (Form 990-T), Part I, line 1a and line 3, the gross profit on collections from installment sales for any of the following.

- Dealer dispositions of property before March 1, 1986.
- Dispositions of property used or produced in the trade or business of farming.
- Certain dispositions of time-shares and residential lots reported under the installment method.

Attach Form 6252 to show information about each installment sale.

Nonaccrual experience method. Accrual method organizations aren't required to accrue certain amounts to be received from the performance of services that, on the basis of their experience, won't be collected, if:

- The services are in the field of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting; or
- The organization's average annual gross receipts for the 3 prior tax years doesn't exceed \$31 million.

This provision doesn't apply to any amount if interest is required to be paid on the amount or if there is any penalty for failure to timely pay the amount. See Regulations section 1.448-3. Organizations that qualify to use the nonaccrual experience method should attach a statement showing total gross receipts, amounts not accrued as a result of the application of section 448(d)(5), and the net amount accrued. Enter the net amount on Schedule A (Form 990-T), Part I, line 1a.

Gain or loss on disposition of certain brownfield property. Gain or loss from the qualifying sale, exchange, or other disposition of a qualifying brownfield property (as

defined in section 512(b)(19)(C)), which was acquired by the organization after 2004, is excluded from unrelated business taxable income and is excepted from the debt-financed rules for such property. See sections 512(b)(19) and 514(b)(1)(E).

Capital Gain Net Income

Line 4a. Generally, organizations required to file Form 990-T (except organizations described in sections 501(c)(7), (9), and (17)) aren't taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on debt-financed property, capital gains on cutting timber, and ordinary gains on sections 1245, 1250, 1252, 1254, and 1255 property are taxed. See Form 4797, Sales of Business Property, and its instructions for additional information.

Also, any capital gain or loss passed through from an S corporation or any gain or loss on the disposition of S corporation stock by a qualified tax-exempt organization (see [S Corporations](#), later) is taxed as a capital gain or loss and reported on Schedule A (Form 990-T), Part I, line 4.

Capital gains and losses should be reported by a trust on Schedule D (Form 1041), Capital Gains and Losses, and by a corporation on Schedule D (Form 1120), Capital Gains and Losses (and Form 8949, Sale and Other Dispositions of Capital Assets). Schedule D of Form 1041 or Form 1120 (and Form 8949, if applicable) must be attached to Form 990-T.

If you deferred a capital gain into a QOF, you must attach Schedule D, Form 8949, and Form 8997 to your Form 990-T. You will need to annually file Form 8997 until you dispose of the investment. See the Instructions for Form 8997.

An organization that transfers securities it owns for the contractual obligation of the borrower to return identical securities recognizes no gain or loss on that exchange or on the subsequent receipt of identical securities in satisfaction of the contractual obligation. To qualify for this treatment, the organization must lend the securities under an agreement that requires:

1. The return of identical securities;
2. The payment of amounts equivalent to the interest, dividends, and other distributions that the owner of the securities would normally receive; and
3. The risk of loss or opportunity for gain not to be lessened.

See sections 512(a)(5) and 1058(b) for details.

Debt-financed property disposition. The amount of gain or loss to be reported on the sale, exchange, or other disposition of debt-financed property is the same percentage as the highest acquisition indebtedness for the property for the 12-month period before the date of disposition is to the average adjusted basis of the property. The percentage may not be more than 100%. See the instructions for Schedule A (Form 990-T), Part V, [Line 5](#), later, to determine adjusted basis and average adjusted basis.

If debt-financed property is depreciable or depletable property, the provisions of sections 1245, 1250, 1252, 1254, and 1255 must be considered first.

Example. On January 1, 2024, an exempt educational corporation, using \$288,000 of borrowed funds, purchased an office building for \$608,000. The only adjustment to basis was \$29,902 for depreciation (straight line method under MACRS over the 39-year recovery period for nonresidential real property). The corporation (section 501(c)(3) organization) sold the building on December 31, 2025, for \$640,000. At the date of sale, the adjusted basis of the building was \$578,098 (\$608,000 – \$29,902) and the indebtedness remained at \$288,000. The adjusted basis of the property on the first day of the year of disposition was \$593,037. The average adjusted basis is \$585,568 ($(\$593,037 + \$578,098) \div 2$). The debt/basis percentage is 49% ($\$288,000 \div \$585,568$).

The taxable gain is \$30,332 ($49\% \times (\$640,000 - \$578,098)$). This is a long-term capital gain. A corporation should enter the gain on Schedule D (Form 1120), Part II, line 8. A trust should enter the gain on Schedule D (Form 1041), Part II, line 8, if applicable. In either scenario (a corporation or a trust), the educational organization must attach a statement to Form 990-T, in addition to the Schedule D, showing how the gain was figured along the lines described in this example, if the details weren't provided with the Schedule D.

Disposition of property received from taxable subsidiary and used in unrelated business. A taxable 80%-owned subsidiary corporation of one or more tax-exempt entities is generally subject to tax on a distribution in liquidation of its assets to its exempt parent (or parents). See section 337. The assets are treated as if sold at FMV.

Tax-exempt entities for this purpose include:

- Organizations described in sections 501(a), 529, 529A, and 115;
- Charitable remainder annuity trusts or unitrusts;
- U.S. (including states) and foreign governments;
- Indian tribal governments and certain corporations;
- International organizations; and
- Similar non-taxable organizations.

A taxable corporation that transfers substantially all of its assets to a tax-exempt entity in a transaction that otherwise qualifies for nonrecognition treatment must recognize gain on the transaction as if it sold the assets at FMV. However, such a transfer isn't taxable if it qualifies as a like-kind exchange under section 1031 or an involuntary conversion under section 1033. In such a case, the built-in appreciation is preserved in the replacement property received in the transaction. A "taxable corporation" is any corporation that isn't a tax-exempt entity as defined above, including an S corporation.

A corporation that changes status from taxable to tax-exempt is generally treated as if it transferred all of its assets to a tax-exempt entity immediately before the change in status (thus subjecting it to the tax on a deemed sale for FMV). This rule doesn't apply where the taxable corporation becomes exempt within 3 years of formation (within 7 years of formation for section 501(c)(7) organizations), or had previously been exempt and within

several years (generally a period of 3 years) regains exemption, unless the principal purpose of the transactions is to avoid the tax on the change in status.

In the transactions described above, the taxable event is deferred for property that the tax-exempt entity immediately uses in an unrelated business. If the tax-exempt parent later disposes of the property, then any gain (not in excess of the amount not recognized) is included in the parent's UBTI. If there is partial use of the assets in unrelated business, then there is partial recognition of gain or loss with respect to the assets not so used. Property is treated as disposed if the tax-exempt entity no longer uses it in an unrelated business.

Losses on the transfer of assets to a tax-exempt entity are disallowed if part of a plan having a principal purpose of recognizing losses.

Net Gain or (Loss)

Line 4b. Show gains and losses on other than capital assets on Form 4797. Enter on this line the net gain or (loss) from Form 4797, Part II, line 17.

An exempt organization using Form 4797 to report ordinary gain on sections 1245, 1250, 1252, 1254, and 1255 property will include only depreciation, amortization, or depletion allowed or allowable in figuring UBTI or taxable income of the organization (or a predecessor organization) for a period when it was not exempt.

Capital Loss Deduction for Trusts

Line 4c. If a trust has a net capital loss, it is subject to the limitations of Schedule D (Form 1041). Enter on this line the loss figured on Schedule D (Form 1041).

Income or (Loss) From a Partnership or an S Corporation

Line 5. See Regulations section 1.512(a)-6 for rules permitting the aggregation of income (and directly connected deductions) of certain partnership interests.

Also, for trusts and certain corporations, there are limitations on income and losses (including from a partnership or an S corporation) under section 469 (the PAL and credit limitation rules) and section 465 (at-risk limitations). For more information on these rules, see the discussion of the application of the passive activity loss and at-risk limitations to affected tax-exempt organizations in the introductory instructions under [Part I. Unrelated Trade or Business Income](#), earlier.

Partnerships

If the organization is a partner in a partnership conducting an unrelated trade or business, enter the organization's share (whether or not distributed) of the partnership's income or loss from the unrelated trade or business. The organization is required to notify the partnership of its tax-exempt status. Figure the gross income and deductions of the partnership in the same way you figure unrelated trade or business income the organization earns directly.

Attach a statement to this return showing the organization's share of the partnership's gross income

from the unrelated trade or business, and its share of the partnership deductions directly connected with the unrelated gross income.

S Corporations

Qualified tax-exempt organizations can be shareholders in an S corporation without the S corporation losing its status as an S corporation. Qualified tax-exempt organizations that hold stock in an S corporation treat their stock interest as an interest in an unrelated trade or business. All items of income, loss, or deduction that the organization receives as a shareholder of the S corporation are taken into account in Schedule A (Form 990-T), Part I, line 5, in figuring UBTI and not reported on another line of Schedule A (Form 990-T) that otherwise would apply, except capital gains and losses, which are reported on Schedule A (Form 990-T), Part I, line 4. Report on Schedule A (Form 990-T), Part I, line 4, any gain or loss on the disposition of S corporation stock.

Qualified tax-exempts. A qualified tax-exempt is an organization that is described in section 401(a) (qualified stock bonus, pension, and profit-sharing plans) or 501(c)(3) and exempt from tax under section 501(a).

Exception. Employee stock ownership plans (ESOPs) don't follow these S corporation rules if the S corporation stock is an employer security, as defined in section 409(l).

Attach a statement to this return showing the qualified tax-exempt's share of all items of income, loss, or deduction. Combine the income, loss, and deductions (except for the capital gains and losses) on the statement. If you hold stock in more than one S corporation, total the combined amounts. Show capital gains and losses separately and include them on Schedule A (Form 990-T), Part I, line 4a.

Rent Income

Line 6. Enter the amount computed on Schedule A (Form 990-T), Part IV, line 3, on Schedule A (Form 990-T), Part I, line 6, column (A).

Enter the amount computed on Schedule A (Form 990-T), Part IV, line 5, on Schedule A (Form 990-T), Part I, line 6, column (B).

Unrelated Debt-Financed Income

Line 7. Enter the amount computed on Schedule A (Form 990-T), Part V, line 8, on Schedule A (Form 990-T), Part I, line 7, column (A).

Enter the amount computed on Schedule A (Form 990-T), Part V, line 10, on Schedule A (Form 990-T), Part I, line 7, column (B).

Interest, Annuities, Royalties, and Rents From a Controlled Organization

Line 8. Enter the sum of columns 5 and 10 from Schedule A (Form 990-T), Part VI on Schedule A (Form 990-T), Part I, line 8, column (A).

Enter the sum of columns 6 and 11 from Schedule A (Form 990-T), Part VI on Schedule A (Form 990-T), Part I, line 8, column (B).

Investment Income of Section 501(c)(7), (9), or (17) Organizations

Line 9. Enter the sum of amounts from Schedule A (Form 990-T), Part VII, column 2, on Schedule A (Form 990-T), Part I, line 9, column (A).

Enter the sum of amounts in Schedule A (Form 990-T), Part VII, column 5, on Schedule A (Form 990-T), Part I, line 9, column (B).

Exploited Exempt Activity Income, Other Than Advertising Income

Line 10. Enter the amount computed on Schedule A (Form 990-T), Part VIII, line 2, on Schedule A (Form 990-T), Part I, line 10, column (A).

Enter the amount computed on Schedule A (Form 990-T), Part VIII, line 3, on Schedule A (Form 990-T), Part I, line 10, column (B).

Advertising Income

Line 11. Enter the amount computed on Schedule A (Form 990-T), Part IX, line 2a, on Schedule A (Form 990-T), Part I, line 11, column (A).

Enter the amount computed on Schedule A (Form 990-T), Part IX, line 3a, on Schedule A (Form 990-T), Part I, line 11, column (B).

Other Income

Line 12. Enter on Schedule A (Form 990-T), Part I, line 12, any item of unrelated business income from a particular trade or business that isn't reportable elsewhere on the return. Attach a statement describing the sources of the other income and their amounts. Such amounts may include:

- Recoveries of bad debts deducted in earlier years under the specific charge-off method;
- The amount from Form 8864, Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit (if applicable); and
- Proceeds received from employer-owned life insurance contracts issued after August 17, 2006 (complete and attach Form 8925).

Organizations described in section 501(c)(19).

Enter the net income from an insurance business that was not properly set aside. These organizations may set aside income from payments received for life, sickness, accident, or health insurance for members of the organization or their dependents.

1. To provide for the payment of insurance benefits.
2. For a purpose specified in section 170(c)(4) (religious, charitable, scientific, literary, educational, etc.).
3. For administrative costs directly connected with benefits described in (1) and (2) above.

Amounts set aside and used for purposes other than those in (1), (2), or (3) above must be included in UBTI for the tax year if they were previously excluded from taxable income.

Any amount spent for a purpose described in section 170(c)(4) is first considered paid from funds earned by the

organization from insurance activities if the income isn't used for the insurance activities.

Expenditures for lobbying aren't considered section 170(c)(4) expenses.

Income from property financed with qualified 501(c)(3) bonds. If any part of the property is used in a trade or business of any person other than a section 501(c)(3) organization or a governmental unit, and such use isn't consistent with the requirement for qualified 501(c)(3) bonds under section 145, the section 501(c)(3) organization is considered to have received unrelated business income in the amount of the greater of the actual rental income or the fair rental value of the property for the period it is used. No deduction is allowed for interest on the private activity bond. Report the greater of the actual rent or the fair rental value on Schedule A (Form 990-T), Part I, line 12. Report allowable deductions on Schedule A (Form 990-T), Part II. See sections 150(b)(3) and (c).

PFIC shareholders. If the organization is a direct or indirect shareholder of a PFIC within the meaning of section 1297, it may have income tax consequences under section 1291 upon the disposition of the PFIC stock or on the receipt of an excess distribution from the PFIC, described in section 1291(a). The organization may have current income under section 1293 if the PFIC is a QEF with respect to the organization. The organization may also have current income under section 1296 if it makes a section 1296 mark-to-market election with respect to the PFIC stock.

Include on Schedule A (Form 990-T), Part I, line 12, the portion of an excess distribution (or gain treated as an excess distribution), section 1293 inclusion, or section 1296 inclusion that is taxable as UBTI. See Form 8621.

See the Instructions for Form 990-T, Part II, line 4, for reporting the deferred tax amount that may be owed by the organization with respect to an excess distribution (or gain treated as an excess distribution).

Total Unrelated Trade or Business Income

Line 13. Use the amount from Schedule A (Form 990-T), Part I, line 13, column (C), in the computation of UBTI in Schedule A (Form 990-T), Part II, line 16.

Part II. Deductions Not Taken Elsewhere

If the aggregate sum of the amounts on all Schedules A (Form 990-T), Part I, line 13, column (A), is \$10,000 or less, you don't have to complete Schedule A (Form 990-T), Part II, lines 1 through 14. However, you must complete the remainder of Schedule A (Form 990-T), Part II and include the larger of each total from Schedule A (Form 990-T), Part II, line 18, or zero, in the computation of the amount reported on Part I, line 1, of Form 990-T.

Note: Only expenses directly connected with the unrelated trade or business income reported on the Schedule A (Form 990-T) for that particular unrelated trade or business may be deducted on that Schedule A (Form 990-T) (see [Directly connected expenses](#), later, in Appendix A). Don't separately include in Schedule A (Form 990-T), Part II, any expenses that are reported in Schedule A (Form 990-T), Parts III through IX, other than

excess exempt expenses entered on Schedule A (Form 990-T), Part II, line 12, and excess readership costs entered on Schedule A (Form 990-T), Part II, line 13. For example, officers' compensation allocable to advertising income is reported on Schedule A (Form 990-T), Part IX, only and shouldn't be included on Schedule A (Form 990-T), Part X, or Schedule A (Form 990-T), Part II, line 1.

Limitations on Deductions

The following items discuss certain areas in which the deduction may be limited.

Activities Lacking a Profit Motive

In some instances, it is necessary to report income whether or not it comes from a trade or business (including interest, annuities, royalties, and rents from controlled organizations, and income of a section 501(c)(7), (9), or (17) organization other than exempt function income). If income is attributable to an activity lacking a profit motive, then a net loss from the activity can't be claimed on Form 990-T. Therefore, in Part I, column (B), and Part II, the total of deductions for expenses directly connected with income from an activity lacking a profit motive is limited to the amount of that income. Generally, an activity lacking a profit motive is one that isn't conducted for the purpose of producing a profit or one that has consistently produced losses when both direct and indirect expenses are taken into account.

Deductions Related to Property Leased to Tax-Exempt Entities

For property leased to a governmental or other tax-exempt entity, or in the case of property acquired after March 12, 2004, that is treated as tax-exempt-use property other than by reason of a lease, the organization may not claim deductions related to the property when they exceed the organization's income from the lease payments. Amounts disallowed may be carried over to the next year and treated as a deduction concerning the property. See section 470.

Transactions Between Related Taxpayers

Generally, an accrual basis taxpayer may deduct business expenses and interest owed to a related party only in the year the payment is included in the income of the related party. See sections 163(e)(3) and 267 for limitations on deductions for unpaid interest and expenses.

Preference Items

Corporations may be required to adjust deductions for depletion of iron ore and coal, intangible drilling and exploration and development costs, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of the adjustment.

Section 263A Uniform Capitalization Rules

These rules require organizations to capitalize or include as inventory cost certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property held in inventory (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property produced by the organization for use in its trade or business or in an activity engaged in for profit.

Tangible personal property produced by an organization includes a film, sound recording, videotape, book, or similar property.

Indirect expenses. Organizations subject to the section 263A uniform capitalization rules are required to capitalize direct costs and an allocable part of most indirect costs (including taxes) that benefit the assets produced or acquired for resale or are incurred by reason of the performance of production or resale activities.

For inventory, some of the indirect expenses that must be capitalized are:

- Administration expenses;
- Taxes;
- Depreciation;
- Insurance;
- Compensation paid to officers attributable to services;
- Rework labor; and
- Contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Regulations section 1.263A-1(e)(3) specifies other indirect costs that relate to production or resale activities that must be capitalized and those that may be currently deductible.

Interest expense. Interest expense paid or incurred during the production period of designated property must be capitalized and is governed by special rules. See Regulations section 1.263A-8 through 1.263A-15.

When are section 263A capitalized costs deductible?

The costs required to be capitalized under section 263A aren't deductible until the property (to which the costs relate) is sold, used, or otherwise disposed of by the organization.

Exceptions. Section 263A doesn't apply to:

- Personal property acquired for resale if the organization's average annual gross receipts for the 3 prior tax years were \$10 million or less;
- Timber;
- Most property produced under long-term contract;
- Certain property produced in a farming business;
- Research and experimental costs under section 174;
- Geological and geophysical costs amortized under section 167(h);
- Intangible drilling costs for oil, gas, and geothermal property;
- Mining exploration and development costs; and
- Inventory of an organization that accounts for inventories in the same manner as materials and

supplies that aren't incidental. See Schedule A (Form 990-T), *Part III. Cost of Goods Sold*, later.

See Regulations sections 1.263A-1 through 1.263A-3.

Travel, Meals, and Entertainment

Subject to the limitations and restrictions discussed below, an organization can deduct ordinary and necessary travel, meals, and non-entertainment expenses paid or incurred in its trade or business. Generally, entertainment expenses, membership dues, and facilities used in connection with these activities can't be deducted. In addition, no deduction is generally allowed for qualified transportation fringe benefits. Special rules apply to deductions for gifts, luxury water travel, and convention expenses. See section 274 and Pub. 463, *Travel, Gift, and Car Expenses*.

Qualified transportation fringes (QTFs). Generally, no deduction is allowed under section 274(a)(4) for QTFs provided by employers to their employees. QTFs are defined in section 132(f)(1) and include:

- Transportation in a commuter highway vehicle between the employee's residence and place of employment,
- Any transit pass, and
- Qualified parking.

See section 274, Pub. 15-B, and Pub. 535 for details.

Travel. The organization can't deduct travel expenses of any individual accompanying an organization's officer or employee, including a spouse or dependent of the officer or employee, unless:

- That individual is an employee of the organization, and
- Their travel is for a bona fide business purpose and would otherwise be deductible by that individual.

Meals. Generally, the organization can deduct only 50% of the amount otherwise allowable for non-entertainment-related meal expenses paid or incurred in an unrelated trade or business. Meals not separately stated from entertainment are generally not deductible. In addition (subject to exceptions under section 274(k)(2)):

- Meals mustn't be lavish or extravagant, and
- An employee of the organization must be present at the meal.

Membership dues. The organization can deduct amounts paid or incurred for membership dues in civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards. However, no deduction is allowed if a principal purpose of the organization is to entertain or provide entertainment facilities for members or their guests. In addition, organizations can't deduct membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion.

Entertainment facilities. The organization can't deduct an expense paid or incurred for use of a facility (such as a

yacht or hunting lodge) for an activity usually considered entertainment, amusement, or recreation.

Amounts treated as compensation. The organization may generally be able to deduct otherwise non-deductible travel, meals, and entertainment expenses if the amounts are treated as compensation and reported on Form W-2 for an employee or Form 1099-NEC for an independent contractor and if the total amount of such compensation isn't unreasonable.

Reducing Certain Expenses for Which Credits Are Allowable

If the organization claims certain credits, it may need to reduce the otherwise allowable deductions for expenses used to figure the credit. This applies to credits such as the following.

- Disabled access credit.
- Employer credit for social security and Medicare taxes paid on certain employee tips.
- Credit for employer-provided childcare facilities and services.
- Orphan drug credit.
- Credit for small employer pension plan startup costs.
- Employer credit for paid family and medical leave.

If the organization has any of these credits, figure each current-year credit before figuring the deduction for expenses on which the credit is based.

Business Startup and Organizational Costs

For business startup and organizational costs paid or incurred after September 8, 2008, an organization can deduct up to \$5,000 of such costs in the year it begins business (unless the organization elects to capitalize the full amount of such costs). The \$5,000 deduction is reduced (but not below zero) by the amount the total costs exceed \$50,000. If the total costs are \$55,000 or more, the deduction is reduced to zero. Any costs not deducted must be amortized, as explained below.

Note: For startup and organizational costs paid or incurred after September 8, 2008, the organization isn't required to attach a statement or specifically identify the amount deducted for the election under sections 195(b) and 248(a) to be effective. It is a deemed election. Whether an organization deducts a portion of its startup and organizational costs under Regulations sections 1.195-1 and 1.248-1 or elects to amortize the full amount of such costs, its election is irrevocable. For startup and organizational costs paid or incurred after October 22, 2004, and before September 9, 2008, an organization must generally attach the statement required by Regulations sections 1.195-1(b) and 1.248-1(c) to make the election to deduct a portion of such costs (as explained above). This election is irrevocable. However, an organization can apply the provisions of these regulations to costs paid or incurred after October 22, 2004.

Amortization. Any costs not deducted under the above rules must be amortized ratably over the 180-month period, beginning with the month the organization begins business. See the Instructions for Form 4562, Depreciation and Amortization, for details. If the

association elected to amortize business startup and organizational costs paid or incurred before October 23, 2004, over a period of 60 months or more, it must continue to amortize those costs over the elected amortization period. Report the deductible amount of these costs and any amortization on Schedule A (Form 990-T), Part II, line 14. For amortization that began during the tax year, complete and attach Form 4562.

Repairs and Maintenance

Line 3. Enter the cost of incidental repairs and maintenance not claimed elsewhere on the return, such as labor and supplies, that don't add to the value or appreciably prolong the life of the property.

Bad Debts

Line 4. Enter the total receivables from an unrelated trade or business that were previously included in taxable income and that became worthless in whole or in part during the tax year.

Interest

Line 5. Attach a separate statement listing the interest being claimed on this line.

Interest allocation. If the proceeds of a loan were used for more than one purpose (for example, to purchase a portfolio investment and to acquire an interest in a passive activity), an interest allocation must be made. See Temporary Regulations section 1.163-8T for the interest allocation rules.

Tax-exempt interest. Don't include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest income is totally exempt from income tax. For exceptions, see section 265(b).

Prepaid interest. Generally, a cash basis taxpayer can't deduct prepaid interest allocable to years following the current tax year, for example, during the tax year a cash basis taxpayer prepaid interest on a loan. The taxpayer can deduct only that part of the prepaid interest that was for the use of the loaned funds during the tax year, not for the use of the loaned funds during the subsequent years.

Straddle interest. Generally, the interest and carrying charges on straddles can't be deducted and must be capitalized. See section 263(g).

Original issue discount. See section 163(e)(5) for special rules for the disqualified portion of original issue discount on a high-yield discount obligation.

Interest on certain underpayments of tax. Don't deduct interest paid or incurred on any portion of an underpayment of tax that is attributable to an understatement arising from an undisclosed listed transaction or an undisclosed reportable avoidance transaction (other than a listed transaction) entered into in tax years beginning after October 22, 2004.

Interest allocable to the production of designated property. Don't deduct interest on debt allocable to the production of designated property. Interest that is allocable to such property produced by an organization for its own use or for sale must be capitalized. An organization must also capitalize any interest on debt allocable to an asset used to produce the earlier property.

See section 263A(f) and Regulations sections 1.263A-8 through 1.263A-15.

Interest on below-market loans. See section 7872 for special rules regarding the deductibility of foregone interest on certain below-market-rate loans.

Limitation on deduction of business interest. Business interest expense is limited to the sum of business interest income, 30% of the adjusted taxable income, and floor plan financing interest. Business interest expense includes any interest paid or accrued on indebtedness properly allocable to an unrelated trade or business. A taxpayer, other than a tax shelter, that meets the gross receipts test isn't required to limit business interest expense under section 163(j). A taxpayer meets the gross receipts test if the taxpayer has average annual gross receipts that are taken into account in determining its UBTI of \$31 million or less for the 3 prior tax years. Gross receipts include the aggregate gross receipts from all persons treated as a single employer such as a controlled group of corporations, commonly controlled partnerships or proprietorships, and affiliated service groups. If the taxpayer fails to meet the gross receipts test, Form 8990 is generally required.

Taxes and Licenses

Line 6. Enter taxes and license fees paid or accrued during the year, but don't include the following taxes.

- Federal income taxes.
- Foreign or U.S. territory income taxes if a foreign tax credit is claimed.
- Taxes not imposed on your organization.
- Taxes, including state or local sales taxes, paid or incurred in connection with an acquisition or disposition of property. These taxes must be treated as part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.
- Taxes assessed against local benefits that increase the value of the property assessed (such as for paving, etc.).
- Taxes deducted elsewhere on the return, such as those reflected in cost of goods sold.

See section 164(d) for apportionment of taxes on real property between the buyer and seller.

Depreciation

Line 7. Besides depreciation, include on line 7 the part of the cost, under section 179, that the organization elected to expense for certain tangible property placed in service during the tax year or carried over from the prior tax year. See Form 4562 and its instructions.

Depletion

Line 9. See sections 613 and 613A for percentage depletion rates for natural deposits. Attach Form T (Timber), Forest Activities Schedules, if a deduction is taken for depletion of timber.

Contributions to Deferred Compensation Plans

Line 10. Employers who maintain pension, profit-sharing, or other funded deferred compensation plans are generally required to file Form 5500. This requirement

applies whether or not the plan is qualified under the Code and whether or not a deduction is claimed for the current tax year. Section 6652(e) imposes a penalty for late filing of these forms. In addition, there is a penalty for overstating the pension plan deduction. See section 6662(f).

Employee Benefit Programs

Line 11. Enter the amount of contributions to employee benefit programs (such as insurance, health, and welfare programs) that aren't an incidental part of a deferred compensation plan included on Schedule A (Form 990-T), Part II, line 10.

Excess Exempt Expenses

Line 12. Enter the amount computed on Schedule A (Form 990-T), Part VIII, line 7 (if applicable), on Schedule A (Form 990-T), Part II, line 12.

Excess Readership Costs

Line 13. Enter the amount computed on Schedule A (Form 990-T), Part IX, line 8a (if applicable), on Schedule A (Form 990-T), Part II, line 13.

Other Deductions

Line 14. Enter on this line the deduction taken for amortization (see Form 4562) as well as other authorized deductions for which no space is provided on the return. Attach a statement listing the deductions claimed on this line. On each Schedule A (Form 990-T), deduct only items directly connected with the unrelated trade or business for which income is reported on that Schedule A (Form 990-T).

Extraterritorial income exclusion. Complete Form 8873 and include the deduction from line 52 in other deductions reported on Schedule A (Form 990-T), Part II, line 14.

Don't deduct fines or penalties paid to a government for violating any law. The exclusion was repealed generally for transactions after 2004, with some exceptions. See Form 8873 and its instructions.

Net Operating Loss (NOL) Deduction Arising in Tax Years Beginning On or After January 1, 2018

Line 17. The NOL deduction is the NOL carryover and carrybacks that can be deducted in the tax year with regard to each separate trade or business. To be deductible, an NOL must have been incurred in an unrelated trade or business activity. See section 172(a).

Tax Cuts and Jobs Act amendments to section 172. Section 13302 of the Tax Cuts and Jobs Act amended section 172 for tax years ending after 2017, to eliminate NOL carrybacks except for certain farming losses and NOLs of insurance companies other than life insurance companies. See section 172(b), as amended by the Tax Cuts and Jobs Act. Also, see Pub. 225, Farmer's Tax Guide; Pub. 536, Net Operating Losses for Individuals, Estates, and Trusts; and Pub. 542, Corporations, for additional information. The Tax Cuts and Jobs Act also amended section 172(a)(2) to limit the allowable NOL

deduction to 80% of taxable income (calculated as described in section 172(a)(2)).

Instructions for line 17. Enter on Schedule A (Form 990-T), Part II, line 17, the NOL carryover from other tax years attributable to that trade or business, but don't enter more than the amount shown on Schedule A (Form 990-T), Part II, line 16. An organization that claims the deduction with respect to any NOL carried through tax years for which the organization was not required to file Form 990-T must show the amount of the deduction and how it was computed, but the organization need not file a Form 990-T in order to preserve an NOL carryover. See Regulations section 1.512(a)-6(h)(3) for treatment of suspended NOLs resulting from the termination, sale, exchange, or other disposition of a separate unrelated trade or business. After offsetting any gain resulting from the termination, sale, exchange, or disposition of a separate unrelated trade or business, any NOL remaining is suspended. However, the suspended NOLs may be used if that previous separate unrelated trade or business is later resumed or if a new unrelated trade or business that is accurately identified using the same NAICS 2-digit code as the previous separate unrelated trade or business is commenced or acquired in a future tax year.

The amount of an NOL carryover is determined under section 172. See Regulations section 1.512(b)-1(e) and, for organizations with more than one unrelated trade or business, Regulations section 1.512(a)-6(h). Attach a statement showing the computation of the NOL deduction.

Unrelated Business Taxable Income

Line 18. Use the greater of the amount computed on line 18 or zero in the computation of UBTI on Form 990-T, Part I, line 1. A net loss calculated on any Schedule A (Form 990-T), Part II, line 18, can't be used to offset gain on any other Schedule A (Form 990-T). Accordingly, a net loss on a Schedule A (Form 990-T) should be treated as zero to calculate the amount reported on Form 990-T, Part I, line 1.

Part III. Cost of Goods Sold

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1.

However, if the organization is a qualifying taxpayer or a qualifying small business taxpayer, it may adopt or change its accounting method to account for inventoriable items in the same manner as materials and supplies that aren't incidental (unless its business is a tax shelter (as defined in section 448(d)(3))).

A qualifying taxpayer is a taxpayer that, for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3-tax-year period ending with that prior tax year.

A qualifying small business taxpayer is a taxpayer (a) that has average annual gross receipts of \$31 million or less for the 3-tax-year period ending with that prior tax year, and (b) whose principal business activity isn't an ineligible activity.

Under this accounting method, inventory cost for raw materials purchased for use in producing finished goods

and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year the organization paid for the raw materials or merchandise, if it is also using the cash method). For additional guidance on this method of accounting for inventoriable items, see Pub. 538 and the Instructions for Form 3115.

Enter amounts paid for all raw materials and merchandise during the tax year on Schedule A (Form 990-T), Part III, line 2. The amount the organization can deduct for the tax year is figured on Schedule A (Form 990-T), Part III, line 8.

All filers not using the cash method of accounting should see [Section 263A Uniform Capitalization Rules](#) under *Limitations on Deductions*, earlier, before completing Schedule A (Form 990-T). The instructions for lines 1, 4, 5, and 7, later, apply to Part III earlier, before completing Schedule A (Form 990-T).

Inventory valuation methods. Inventories can be valued at:

1. Cost, as described in Regulations section 1.471-3,
2. Lower of cost or market, as described in Regulations section 1.471-4, or
3. Any other method approved by the IRS that conforms to the requirements of the applicable regulations cited below.

However, if the organization is using the cash method of accounting, it is required to use cost.

A small producer is an organization whose average annual gross receipts are \$1 million or less. Small producers that account for inventories in the same manner as materials and supplies that aren't incidental may currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

The average cost (rolling average) method of valuing inventories generally doesn't conform to the requirement of the regulations. See Rev. Rul. 71-234, 1971-1 C.B. 148.

Organizations that use erroneous valuation methods must change to a method permitted for federal income tax purposes. File Form 3115 to make this change.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are subnormal because of damage, imperfections, shop wear, etc., within the meaning of Regulations section 1.471-2(c). The goods may be valued at the bona fide selling price, minus direct cost of disposition (but not less than scrap value). Bona fide selling price means actual offering of goods during a period ending not later than 30 days after inventory date.

If this is the first year, the last-in first-out (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach Form 970, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970.

If the organization changed or extended its inventory method to LIFO and had to write up the opening inventory to cost in the year of election, report the effect of this

write-up as other income (on Schedule A (Form 990-T), Part I, line 12) proportionately over a 3-year period that begins in the tax year the LIFO election was made (section 472(d)).

Inventory at Beginning of Year

Line 1. If the organization is changing its method of accounting to no longer account for inventories, it must refigure last year's closing inventory using the new method of accounting and enter the result on Schedule A (Form 990-T), Part III, line 1. If there is a difference between last year's closing inventory and the refigured amount, attach an explanation and take it into account when figuring the organization's section 481(a) adjustment (explained earlier).

Additional Section 263A Costs

Line 4. An entry is required on this line only for organizations that have elected a simplified method of accounting.

For organizations that have elected the simplified production method, additional section 263A costs are generally those costs, other than interest, that are now required to be capitalized under section 263A but that weren't capitalized under the organization's method of accounting immediately prior to the effective date of section 263A. For details, see Regulations section 1.263A-2(b).

For organizations that have elected the simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories.

- Off-site storage or warehousing.
- Purchasing.
- Handling, such as processing, assembling, repackaging, and transporting.
- General and administrative costs (mixed service costs).

For details, see Regulations section 1.263A-3(d).

Enter on Schedule A (Form 990-T), Part III, line 4, the balance of section 263A costs paid or incurred during the tax year not included on Schedule A (Form 990-T), Part III, lines 2 and 3.

Other Costs

Line 5. Enter on Schedule A (Form 990-T), Part III, line 5, any costs paid or incurred during the tax year not entered on Schedule A (Form 990-T), Part III, lines 2 through 4. Attach a statement describing the other costs.

Inventory at End of Year

Line 7. See Regulations sections 1.263A-1 through 1.263A-3 for details on figuring the amount of additional section 263A costs to be included in ending inventory.

If the organization accounts for inventories in the same manner as materials and supplies that aren't incidental, enter on Schedule A (Form 990-T), Part III, line 7, the portion of its raw materials and merchandise purchased for resale that are included on Schedule A (Form 990-T), Part III, line 6, and weren't sold during the year.

Part IV. Rent Income

Section 501(c)(7), (9), and (17) organizations, enter gross rents on Schedule A (Form 990-T), Part I, line 6, and applicable expenses on Schedule A (Form 990-T), Part II, lines 1 through 14. All rents except those that are exempt function income must be included.

All organizations that have applicable rent income, other than section 501(c)(7), (9), and (17) organizations, should complete Schedule A (Form 990-T), Part IV. For organizations other than section 501(c)(7), (9), and (17) organizations, only the following rents are taxable on Schedule A (Form 990-T), Part I, line 6.

1. Rents from personal property leased with real property, if the rents from the personal property are more than 10% of the total rents received or accrued under the lease, determined at the time the personal property is placed in service.
2. Rents from real and personal property if:
 - a. More than 50% of the total rents received or accrued under the lease are for personal property, or
 - b. The amount of the rent depends on the income or profits derived by any person from the property leased (except an amount based on a fixed percentage of receipts or sales).

A redetermination of the percentage of rent for personal property is required when either:

1. There is an increase of 100% or more by the placing of additional or substitute personal property in service, or
2. There is a modification of the lease that changes the rent charged. Rents from both real and personal property not taxable on Schedule A (Form 990-T), Part I, line 6, may be taxable on Schedule A (Form 990-T), Part I, line 8, if the income is from a controlled organization or on Schedule A (Form 990-T), Part I, line 7, if the property is debt-financed. Taxability of the rent must be considered in the following order.
 - a. Rents not taxed on Schedule A (Form 990-T), Part I, line 6, may be taxed on Schedule A (Form 990-T), Part I, line 8.
 - b. Rents not taxed on Schedule A (Form 990-T), Part I, line 6 or line 8, may be taxed on Schedule A (Form 990-T), Part I, line 7.

Rents from personal property not leased with real property should be reported on Schedule A (Form 990-T), Part I, line 12.

See Form 8582 (for trusts) or Form 8810 (for corporations) and section 469 for limitations on losses from rental activities.

Description of Property

Line 1. Check the box next to the property description if the property is used both to carry on exempt activities and to conduct unrelated trade or business activities.

Deductions Directly Connected with Income from Lines 2a and 2b

Line 4. For each property, attach a statement describing the directly connected deductions and their amounts.

Part V. Unrelated Debt-Financed Income

Use Schedule A (Form 990-T), Part V, to compute unrelated debt-financed income described in sections 512(b)(4) and 514 from debt-financed property only to the extent that the income doesn't constitute income from the conduct of an unrelated trade or business and isn't specifically taxable under other provisions of the Code, such as taxable rents from personal property leased with real property reportable on Schedule A (Form 990-T), Part IV (and Schedule A (Form 990-T), Part I, line 6), or taxable interest, annuities, royalties, and rents from a controlled entity reportable on Schedule A (Form 990-T), Part VI (and Schedule A (Form 990-T), Part I, line 8). See Regulations section 1.514(b)-1(b)(2). Refer to Regulations section 1.512(a)-6 when reporting income from one or more debt-financed properties and also for rules permitting the aggregation of unrelated debt-financed income with other UBTI in certain circumstances. Gain or loss from the sale or disposition of debt-financed property is reported on Schedule A (Form 990-T), Part I, line 4.

Section 501(c)(7), (9), and (17) organizations should report income from debt-financed property on Schedule A (Form 990-T), Part VII (and Schedule A (Form 990-T), Part I, line 9).

When a debt-financed property is held for exempt purposes and other purposes, the organization must allocate the basis, debt, income, and deductions among the purposes for which the property is held. Don't include on Schedule A (Form 990-T), Part V, amounts allocated to exempt purposes.

Caution: For section 514 purposes, don't treat an interest in a qualified state tuition program (QSTP) as debt. However, a QSTP's investment income is treated as debt-financed income if the QSTP incurs indebtedness when acquiring or improving income-producing property.

A property held to produce income is debt-financed property if, at any time during the tax year, there was acquisition indebtedness outstanding for the property. When a property held for the production of income by an organization is disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding for that property at any time during the 12-month period before the date of disposition, the property is debt-financed property. Securities purchased on margin are considered debt-financed property if the liability incurred in purchasing them remains outstanding.

Acquisition indebtedness is the outstanding amount of principal debt incurred by the organization to acquire or improve the property. Acquisition indebtedness also includes indebtedness incurred:

1. Before the property was acquired or improved, if the indebtedness would not have been incurred but for such acquisition or improvement of the property; or

2. After the property was acquired or improved, if the indebtedness would not have been incurred but for such acquisition or improvement and the incurrence of such indebtedness was reasonably foreseeable at the time of such acquisition or improvement. See Regulations section 1.514(c)-1(a).

With certain exceptions, acquisition indebtedness doesn't include debt incurred by the following.

1. A qualified (section 401) trust in acquiring or improving real property. See section 514(c)(9).
2. A tax-exempt school (section 170(b)(1)(A)(ii)) and its affiliated support organizations (section 509(a)(3)) for indebtedness incurred after July 18, 1984.
3. An organization described in section 501(c)(25) in tax years beginning after December 31, 1986.
4. An obligation, to the extent that it is insured by the Federal Housing Administration, to finance the purchase, rehabilitation, or construction of housing for low and moderate income persons, or indebtedness incurred by a small business investment company licensed after October 22, 2004, under the Small Business Investment Act of 1958 if such indebtedness is evidenced by a debenture issued by such company under section 303(a) of that Act, and held or guaranteed by the Small Business Administration (see section 514(c)(6)(B) for limitations).
5. A retirement income account described in section 403(b)(9) in acquiring or improving real property in tax years beginning on or after August 17, 2006.

See Pub. 598 for additional exceptions to the rules for debt-financed property.

Example 1. An exempt organization owns a four-story building. Two floors are used for an exempt purpose and two floors are rented (as an unrelated trade or business) for \$10,000. Expenses are \$1,000 for depreciation and \$5,000 for other expenses that relate to the entire building. The average acquisition indebtedness is \$6,000, and the average adjusted basis is \$10,000. Both apply to the entire building.

Example 2. Assume the same facts as in *Example 1*, except the entire building is rented out as an unrelated trade or business for \$20,000. To complete Schedule A (Form 990-T), Part V, for this example, enter \$20,000 on Schedule A (Form 990-T), Part V, line 2; \$1,000 and \$5,000 on Schedule A (Form 990-T), Part V, lines 3(a) and 3(b), respectively (since the entire amount is for debt-financed property); \$6,000 and \$10,000 on Schedule A (Form 990-T), Part V, lines 4 and 5 (since the entire amount is for debt-financed property); 60% on Schedule A (Form 990-T), Part V, line 6; \$12,000 on Schedule A (Form 990-T), Part V, line 7; and \$3,600 on Schedule A (Form 990-T), Part V, line 9.

Description of Debt-Financed Property

Line 1. Enter the address of the debt-financed property. If the debt-financed property isn't real property, enter the address where the property is located and describe the property in Schedule A (Form 990-T), Part XI, Supplemental Information.

Check the box next to the property description if the property is used both to carry on exempt activities and to conduct unrelated trade or business activities.

Gross Income From or Allocable to Debt-Financed Property

Line 2. Enter the gross income from debt financed property, excluding income otherwise included in UBTI. For example, don't include rents from personal property shown on Schedule A (Form 990-T), Part IV, or rents and interest from controlled organizations shown on Schedule A (Form 990-T), Part VI.

Straight Line Depreciation

Line 3a. For amounts shown on Schedule A (Form 990-T), Part V, line 3a, attach a statement showing, for each property:

1. The cost or salvage value,
2. The year acquired,
3. The property's useful life (rounded to a whole number if necessary),
4. The years remaining (rounded to a whole number if necessary),
5. The annual depreciation expense amount, and
6. The allowable depreciation expense amount.

Amount of Average Acquisition Debt on or Allocable to Debt-Financed Property

Line 4. Average acquisition indebtedness for any tax year is the average amount of the outstanding principal debt during the part of the tax year the property is held by the organization. To figure the average amount of acquisition debt, determine the amount of the outstanding principal debt on the first day of each calendar month during that part of the tax year that the organization holds the property. Add these amounts together, and divide the result by the total number of months during the tax year that the organization held the property. See section 514(a) and the related regulations for property acquired for an indeterminate price.

1. The average amount of acquisition debt,
2. The percent allocable to debt-financed income, and
3. The product of (1) multiplied by (2).

Average Adjusted Basis of or Allocable to Debt-Financed Property

Line 5. The average adjusted basis for debt-financed property is the average of the adjusted basis of the property on the first and last days during the tax year that the organization holds the property. Determine the adjusted basis of property under section 1011. Adjust the basis of the property by the depreciation for all earlier tax years, whether or not the organization was exempt from tax for any of these years. Similarly, for tax years during which the organization is subject to tax on UBTI, adjust the basis of the property by the entire amount of allowable

depreciation, even though only a part of the deduction for depreciation is taken into account in figuring UBTI.

Attach a statement showing, for each property:

1. A brief description of the property,
2. The adjusted basis,
3. The percent allocable to debt-financed income, and
4. The product of (3) multiplied by (4).

If no adjustments to the basis of property under section 1011 apply, the basis of the property is cost.

See section 514(d) and the related regulations for the basis of debt-financed property acquired in a complete or partial liquidation of a corporation in exchange for its stock.

Percentage

Line 6. Divide each property's average acquisition indebtedness for the tax year by that property's average adjusted basis during the period it is held in the tax year. This percentage cannot be more than 100%.

Gross Income Reportable

Line 7. The amount of income from debt-financed property included in unrelated trade or business income is figured by multiplying the property's gross income by the percentage computed on Schedule A (Form 990-T), Part V, line 6.

Total Gross Income

Line 8. Enter on Schedule A (Form 990-T), Part V, line 8, the sum of amounts computed for each property on Schedule A (Form 990-T), Part V, line 7. Also, enter this amount on Schedule A (Form 990-T), Part I, line 7, column (A).

Allocable Deductions

Line 9. For each debt-financed property, multiply the total deductions directly connected to the income (including the dividends-received deductions allowed by sections 243, 244, and 245) by the percentage computed on Schedule A (Form 990-T), Part V, line 6. However, if the debt-financed property is depreciable property, figure the depreciation deduction by the straight line method only and enter the amount on Schedule A (Form 990-T), Part V, line 3a.

For each debt-financed property, attach statements showing separately a computation of the depreciation deduction (if any) reported on Schedule A (Form 990-T), Part V, line 3a, (as described earlier) and a breakdown of the expenses included on Schedule A (Form 990-T), Part V, line 3b. Corporations owning stock that is unrelated debt-financed property should see *Schedule C. Dividends, Inclusions, and Special Deductions* in Form 1120, U.S. Corporation Income Tax Return, to determine the dividends-received deductions to include on Schedule A (Form 990-T), Part V, line 3b.

When a capital loss for the tax year may be carried back or carried over to another tax year, the amount to carry over or back is figured by using the percentage determined above. However, in the year to which the

amounts are carried, don't apply the debt-basis percentage to determine the deduction for that year.

Total Allocable Deductions

Line 10. Enter the sum of amounts computed for each property on Schedule A (Form 990-T), Part V, line 9. Also enter this amount on Schedule A (Form 990-T), Part I, line 7, column (B).

Total Dividends

Line 11. Enter the total dividends-received deductions (after reduction, when applicable, by the debt-basis percentage(s)) included on Schedule A (Form 990-T), Part V, line 9.

Part VI. Interest, Annuities, Royalties, and Rents From Controlled Organizations

Under section 512(b)(13), interest, annuities, royalties, and rents received or accrued (directly or indirectly) by a controlling organization from a controlled organization are subject to tax, whether or not the activity conducted by the controlling organization to earn these amounts is a trade or business or is regularly conducted. However, see Regulations section 1.512(b)-1(l)(5) regarding amounts taxable under other provisions of the Code.

Controlled organization. An entity is a "controlled organization" if the controlling organization owns:

- By vote or value, more than 50% of a corporation's stock (for an organization that is a corporation);
- More than 50% of a partnership's profits or capital interests (for an organization that is a partnership); or
- More than 50% of the beneficial interests in an organization (for an organization other than a corporation or partnership).

To determine the ownership of stock in a corporation, apply the principles of section 318 (constructive ownership of stock). Apply similar principles to determine the ownership of interests in a partnership or any other organization.

Column 3. Enter the net unrelated income (or net unrelated loss) of each controlled entity listed that is exempt from tax under section 501(a).

Column 7. Enter the taxable income of each nonexempt controlled organization.

Column 8. Enter the net unrelated income (or net unrelated loss) of each controlled entity listed that isn't exempt from tax under section 501(a). Net unrelated income is that portion of the controlled entity's taxable income that would be UBTI if the entity were exempt under section 501(a) and had the same exempt purposes as the controlling organization. Net unrelated loss is the controlled organization's NOL adjusted under rules similar to those used to determine net unrelated income.

Column 4 or 9. For each controlled organization, enter the total of specified payments received from each controlled organization. If the organization received both specified payments and qualifying specified payments from a controlled organization, enter specified payments

on one line and qualifying specified payments on another so that there are dual entries for that controlled organization.

Column 5 or 10. For specified payments, enter the portion of column 4 or 9 to the extent that the payment reduced the net unrelated income (or increased the net unrelated loss) of the controlled entity.

Column 6 or 11. Enter only those deductions directly connected with the income entered in column 5 or 10.

With respect to qualifying specified payments, enter only that portion of expenses directly connected to the amounts included in column 5 or 10, that is, the excess of the payment over the FMV amount, as determined in accordance with section 482. Don't enter any expenses relating to the portion of such payment that isn't includible in income under this special rule.

Caution: For valuation misstatements regarding qualifying specified payments, there is a 20% addition to tax. See section 512(b)(13)(E)(ii).

Excess qualifying specified payments. Excess qualifying specified payments received or accrued from a controlled entity (that is, the amount of qualifying specified payments in excess of what would have been paid or accrued if the payments had been determined under section 482) are included in a controlling exempt organization's UBTI.

Part VII. Investment Income of a Section 501(c)(7), (9), or (17) Organization

Generally, for section 501(c)(7), (9), or (17) organizations, unrelated trade or business income includes all gross income from nonmembers with certain modifications. See section 512(a)(3)(A). Report on Schedule A (Form 990-T), Part VII, all income from investments in securities and other similar investment income from nonmembers, including 100% of income and directly connected expenses from debt-financed property. Don't report nonmember income from debt-financed property on Schedule A (Form 990-T), Part V.

All section 501(c)(7), (9), and (17) organizations figure their investment income using Schedule A (Form 990-T), Part VII. Don't include interest on state and local governmental obligations described in section 103(a).

Investment income includes all income from debt-financed property.

If a section 501(c)(7), (9), or (17) organization (or a title holding corporation, described earlier) sells property that was used for the exempt function of the section 501(c)(7), (9), or (17) organization and buys other property used for the organization's exempt function within a period beginning 1 year before the date of the sale, and ending 3 years after the date of the sale, the gain from the sale will be recognized only to the extent that the sales price of the old property is more than the cost of the other property. The other property need not be similar in type or use to the old property. The organization must notify the IRS of the sale by a statement attached to the return, or other written notice.

To compute the gain on the sale of depreciable property, see the instructions for Schedule A (Form 990-T), Part V, line 5, to determine the adjusted basis of the property.

Column 3. Deduct only those expenses that are directly connected to the net investment income. Allocate deductions between exempt activities and other activities where necessary. The organization may not take the dividends-received deductions in figuring net investment income because they aren't treated as directly connected with the production of gross income.

Column 4. Section 501(c)(7), (9), and (17) organizations may set aside income that would otherwise be taxable under section 512(a)(3). However, income derived from an unrelated trade or business may not be set aside and thus can't be exempt function income. In addition, any income set aside and later used for other purposes must be included in income.

Section 501(c)(7), (9), and (17) organizations won't be taxed on income set aside for:

1. Religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals (and reasonable administration costs directly connected to such purposes); or
2. The payment of life, sickness, accident, or other benefits (and reasonable administration costs directly connected to such benefits) by a section 501(c)(9) or (17) organization. The amount allowed as a set-aside may not exceed a limit determined using section 512(a)(3)(E). See sections 512(a)(3)(E) and 419A for details.

Report income set aside on Schedule A (Form 990-T), Part VII, column 4. Attach a statement listing:

1. The amount set aside for charitable purposes;
2. The amount set aside for reasonable administration costs directly connected with such amount;
3. The amount set aside for payment of life, sickness, accident, or other benefit; and
4. The amount set aside for reasonable administration costs directly connected with the payment of such benefits.

Amounts set aside aren't deductible under section 170 or any other section of the Code.

The organization may elect to treat income set aside by the date for filing the return, including any extension of time, as income set aside in the tax year for which the return is filed. The income set aside must have been includible in gross income for that earlier tax year.

Although set-aside income may be accumulated, any accumulation that is unreasonable will be evidence that the set-aside wasn't for the purposes previously mentioned.

Net investment income set aside must be specifically earmarked as such, or placed in a separate account or fund (except for a section 501(c)(9) or (17) organization which, by the terms of its governing instrument, must use its net investment income for the payment of life, sickness,

accident, or other benefits, and reasonable administration costs).

These rules apply to a corporation described in section 501(c)(2) (title holding corporation) whose income is payable to an organization described in section 501(c)(7), (9), or (17) if it files a consolidated return with the section 501(c)(7), (9), or (17) organization.

Part VIII. Exploited Exempt Activity Income, Other Than Advertising Income

Exempt organizations that have gross income from an unrelated trade or business activity that exploits an exempt activity (other than periodical advertising income reportable on Schedule A (Form 990-T), Part IX) should complete Schedule A (Form 990-T), Part VIII. See Regulations section 1.513-1(d)(4)(iv) for a definition of exploited exempt activity. Report income from advertising other than in a periodical on Schedule A (Form 990-T), Part VIII.

Line 1. Briefly describe the exempt activity being exploited in an unrelated trade or business activity.

Line 3. An exempt organization may take all deductions directly connected with the gross income from the unrelated trade or business activity.

Line 4. Subtract directly connected deductions from the gross unrelated business income. If unrelated business income exceeds the directly connected deduction, the exempt organization may take into account all deductible items attributable to the exploited exempt activity, with the following limitations.

1. Reduce the deductible items of the exempt activity by the income from the activity.
2. Limit the net amount of deductible items arrived at in item 1 above for the exempt activity to the net unrelated business income from the exploited exempt activity.
3. Exclude income and expenses of the exempt activity in figuring a loss carryover or carryback from the unrelated trade or business activity exploiting the exempt activity.
4. Exclude deductible items of the exempt activity in figuring unrelated trade or business income from an activity that isn't exploiting the same exempt activity.

As a result, the net includible exploited exempt activity income is the UBTI minus the excess of the exempt activity expenses over the exempt activity income. If the income from the exempt activity exceeds the exempt activity expenses, don't add that profit to the net income from the unrelated business activity. Attach a separate statement showing the computation.

Part IX. Advertising Income

An exempt organization that earned gross income from the sale of advertising in an exempt organization periodical must complete Schedule A (Form 990-T), Part IX. The part of the advertising income taken into account is determined as follows.

1. If direct advertising costs (expenses directly connected with advertising income) are more than advertising income (unrelated business income), deduct that excess in figuring UBTI from any other unrelated trade or business activity conducted by the organization.
2. If advertising income is more than direct advertising costs, and circulation income (exempt activity income) equals or exceeds readership costs (exempt activity expenses), then UBTI is the excess of advertising income over direct advertising costs.
3. If advertising income is more than direct advertising costs, and readership costs are more than circulation income, then UBTI is the excess of total income (advertising income and circulation income) over total periodical costs (direct advertising costs and readership costs).
4. If the readership costs are more than the circulation income, and the net readership costs are more than the excess of advertising income over direct advertising costs, no loss is allowable. See Regulations section 1.512(a)-1(f)(2)(ii)(b).

For allocating membership receipts to circulation income, see Rev. Rul. 81-101, 1981-1 C.B. 352.

Consolidated periodicals. If an organization publishes two or more periodicals, it may elect to treat the gross income for all (but not less than all) periodicals, and deductions directly connected with those periodicals (including excess readership costs) as if the periodicals were one to determine its UBTI. This rule only applies to periodicals published for the production of income. A periodical is considered published for the production of income if gross advertising income of the periodical is at least 25% of the readership costs, and the periodical is an activity engaged in for profit.

If periodicals are consolidated, check the box next to the periodical name, and attach a statement showing the

name of each periodical in the consolidated group. The attached statement should include the amounts that correspond to information for Schedule A (Form 990-T), Part IX, lines 2 through 4. Attach a separate statement for the consolidated group of publications that includes the amounts corresponding to the information for Schedule A (Form 990-T), Part IX, lines 5 through 8.

Part X. Compensation of Officers, Directors, and Trustees

Complete columns 1 through 4 for those officers, directors, and trustees whose salaries or other compensation are allocable to unrelated business gross income. Don't include in column 4 compensation that is deducted on Schedule A (Form 990-T), Part II, lines 2 and 14, or any line of Schedule A (Form 990-T), Parts III through IX.

Part XI. Supplemental Information

Use Schedule A (Form 990-T), Part XI to:

- Explain the organization's operations,
- Provide information for lines that don't have an embedded attachment to capture the information to supplement information provided on an embedded attachment, or
- Provide any other information in support of amounts reported on Schedule A (Form 990-T).

An organization that associated unrelated trade or business activity with a different NAICS or Business Activity Code in a prior year than the NAICS or Business Activity Code shown on the Schedule A (Form 990-T) for the current tax year can enter the explanation for the change here.

For each entry in Part XI, include the Schedule A (Form 990-T) part and line number, a brief description, and the amount (if any). If necessary, you may also attach a PDF document to provide supplemental information.

Paperwork Reduction Act Notice. We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. However, certain returns and return information of tax-exempt organizations and trusts are subject to public disclosure and inspection, as provided by section 6104.

Estimates of taxpayer burden. The following table shows burden estimates based upon current statutory requirements as of October 1, 2025 for taxpayers filing a 2025 return. These include forms in the 990 series, schedules and all the forms tax-exempt organizations attach to their tax returns. Time spent and out-of-pocket costs are presented separately. Time burden includes the time spent preparing to file and to file, with recordkeeping representing the largest component. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples include tax return preparation and submission fees, postage and photocopying costs, and tax preparation software costs. Note that these estimates do not include burden associated with post-filing activities. IRS operational data indicate that electronically prepared and filed returns have fewer arithmetic errors, implying lower post-filing burden.

Reported time and out-of-pocket cost burdens are national averages and include all associated forms and schedules, across all preparation methods and taxpayer activities. As a result, the averages don't necessarily reflect a "typical" case. Most taxpayers experience lower-than-average burden, with taxpayers burden varying considerably by taxpayer type.

Tax-Exempt Entity Estimates Average Burden by Form Type

2025 Tax Forms					
	Form 990	Form 990-EZ	Form 990-PF	Form 990-T	Form 990-N
Projected number of returns to be filed with IRS	371,700	215,600	134,000	212,300	796,200
Average time (hours)	108	71	53	42	5
Average out-of-pocket costs	\$3,000	\$700	\$2,200	\$2,300	\$20
Average total monetized burden	\$10,200	\$1,800	\$4,500	\$6,000	\$100
Estimated total time (hours)	40,230,000	15,260,000	7,070,000	8,930,000	3,980,000
Estimated total out-of-pocket costs	\$1,230,000,000	\$140,700,000	\$292,300,000	\$491,200,000	\$16,300,000
Estimated total monetized burden	\$3,793,500,000	\$388,700,000	\$605,400,000	\$1,284,100,000	\$82,600,000
Source: IRS:RAAS:KDA:BRDN (10-1-2025)					

Comments and suggestions. We welcome your comments concerning the accuracy of these time estimates or suggestions for future editions. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to:

Internal Revenue Service
 Tax Forms and Publications
 1111 Constitution Ave. NW, IR-6526
 Washington, DC 20224

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don't** send tax questions, tax returns, or payments to the above address. Instead, see [When, Where, and How to File](#), earlier, for more information.

Business Activity Codes

Business Activity Codes		Industry Classification System (NAICS) commonly used by tax-exempt organizations. If you don't see a code for the activity you need to categorize in the	list below, refer to the full list of NAICS codes at www.Census.gov/NAICS/ .
The codes listed below that begin with the digits 1 through 8 are a selection from the North American			
Agriculture, Forestry, Hunting, and Fishing Code 110000 Agriculture, forestry, hunting, and fishing 111000 Crop production	Transportation and Warehousing Code 480000 Transportation 485000 Transit and ground passenger transportation 493000 Warehousing and storage	525100 Insurance and employee benefit funds 525920 Trusts, estates, and agency accounts 525990 Other financial vehicles (including mortgage REITs)	Administrative and Support Services Code 561000 Administrative and support services 561300 Employment services 561439 Other business service centers (including copy shops) 561499 All other business support services 561500 Travel arrangement and reservation services 561520 Tour operators 561700 Services to buildings and dwellings
Mining Code 211100 Oil and gas extraction 211120 Crude petroleum extraction 211130 Natural gas extraction 212000 Mining (except oil and gas)	Information Code 512000 Motion picture and sound recording industries 513110 Newspaper publishers 513120 Periodical publishers 513130 Book publishers 513140 Directory and mailing list publishers 513190 Other publishers 516100 Radio and television broadcasting stations 516210 Media streaming, social networks, and other content providers 517000 Telecommunications (including wired, wireless, satellite, cable and other program distribution, resellers, agents, other telecommunications, and Internet service providers)	Real Estate and Rental and Leasing Code 531110 Lessors of residential buildings and dwellings (including equity REITs) 531120 Lessors of nonresidential buildings (except miniwarehouses)(including equity REITs) 531130 Lessors of miniwarehouses and self-storage units (including equity REITs) 531190 Lessors of other real estate property (including equity REITs) 531310 Real estate property managers 531320 Offices of real estate appraisers 531390 Other activities related to real estate 532000 Rental and leasing services 532289 All other consumer goods rental 532420 Office machinery and equipment rental and leasing 533110 Lessors of nonfinancial intangible assets (except copyrighted works)	Waste Management and Remediation Services Code 562000 Waste management and remediation services (sanitary services)
Utilities Code 221000 Utilities	Data Processing, Web Search Portals, and Other Information Services Code 518210 Computing infrastructure providers, data processing, web hosting, and related services 519200 Web search portals, libraries, archives, and other info. services	Professional, Scientific, and Technical Services Code 541100 Legal services 541200 Accounting, tax preparation, bookkeeping, and payroll services 541300 Architectural, engineering, and related services 541380 Testing laboratories and services 541511 Custom computer programming services 541519 Other computer-related services 541610 Management consulting services 541700 Scientific research and development services 541800 Advertising, public relations, and related services 541860 Direct mail advertising 541900 Other professional, scientific, and technical services 541990 Consumer Credit Counseling Services	Educational Services Code 611420 Computer training 611430 Professional and management development training 611600 Other schools and instruction (other than elementary and secondary schools or colleges and universities, which should select a code to describe their unrelated activities) 611710 Educational support services
Construction Code 230000 Construction 236000 Construction of buildings	Finance and Insurance Code 522100 Depository credit intermediation (including commercial banking, savings institutions, and credit unions) 522200 Nondepository credit intermediation 522210 Credit card issuing 522220 Sales financing 522291 Consumer lending 522292 Real estate credit 522299 Intl. secondary market, and other nondepository credit intermediation 523000 Securities, commodity contracts, and other financial investments and related activities 523940 Portfolio management and investment advice 524113 Direct life insurance carriers 524114 Direct health and medical insurance carriers 524126 Direct property and casualty insurance carriers 524130 Reinsurance carriers 524292 Pharmacy benefit management and other third-party administration 524298 All other insurance-related activities	Management of Companies and Enterprises Code 551111 Offices of bank holding companies 551112 Offices of other holding companies	Healthcare and Social Assistance Code 621110 Offices of physicians 621300 Offices of other health practitioners 621400 Outpatient care centers 621500 Medical and diagnostic laboratories 621610 Home health care services 621910 Ambulance services 621990 All other ambulatory health care services 623000 Nursing and residential care facilities 623990 Other residential care facilities 624100 Individual and family services 624110 Child and youth services 624200 Community food and housing, and emergency and other relief services 624210 Meal delivery programs, soup kitchens, or food banks 624310 Vocational rehabilitation services 624410 Childcare services
Manufacturing Code 310000 Manufacturing 323100 Printing and related support activities 339110 Medical equipment and supplies manufacturing	Wholesale Trade Code 423000 Merchant wholesalers, durable goods 424000 Merchant wholesalers, nondurable goods	Arts, Entertainment, and Recreation Code 711110 Theater companies and dinner theaters 711120 Dance companies 711130 Musical groups and artists	
Retail Trade Code 441100 Automobile dealers 444100 Building materials and supplies dealers 445100 Grocery and convenience retailers 445200 Specialty food retailers 449100 Furniture and home furnishings retailers 455000 General merchandise retailers 456110 Pharmacies and drug retailers 456199 All other health and personal care retailers 458000 Clothing, clothing accessories, shoe, and jewelry retailers 459110 Sporting goods retailers 459120 Hobby, toy, and game retailers 459130 Sewing, needlework, and piece goods retailers 459140 Musical instrument and supplies retailers 459210 Book retailers and news dealers (including newsstands) 459310 Florists 459410 Office supplies and stationery retailers 459420 Gift, novelty, and souvenir retailers 459510 Used merchandise retailers 459900 Other miscellaneous retailers			

Business Activity Codes (Continued)

711190 Other performing arts companies	713990 All other amusement and recreation industries (including skiing facilities, marinas, and bowling centers)	721210 RV (recreational vehicle) parks and recreational camps	722515 Snack and non-alcoholic beverage bars
711210 Spectator sports (including sports clubs and racetracks)		721310 Rooming and boarding houses, dormitories, and workers' camps	
711300 Promoters of performing arts, sports, and similar events	Accommodation and Food Services Code	722320 Caterers	Other Services Code
713110 Amusement and theme parks		722410 Drinking places (alcoholic beverages)	
713200 Gambling industries		722511 Full-service restaurants	
713910 Golf courses and country clubs		722513 Limited-service restaurants	
713940 Fitness and recreational sports centers		722514 Cafeterias, grill buffets, and buffets	
		721000 Accommodation	
		721110 Hotels (except casino hotels) and motels	

Additional Codes

Additional codes listed below that begin with "9" are not part of the NAICS and are not listed on the NAICS website [Census.gov/NAICS/](https://www.census.gov/naics/). The non-NAICS business activity

codes are for use on Form 990-T to identify various types of investments, including certain partnership and S corporation interests, reported as separate trades or businesses under

section 512(a)(6) without regard to the specific trade or business engaged in by the partnership or S corporation. See Regulations section 1.512(a)-6.

Non-NAICS Business Activity Codes

In the codes below that include "####" replace "#" with numbers to identify each interest (nonqualified S corporation or passive income activity).

For example, if four Schedules A (Form 990-T) are being filed to report unrelated trade or business income from four separate nonqualifying S corporation interests, the business activity code entered in item C at the top of the four Schedules A (Form 990-T) would be 904001, 904002, 904003, and 904004, respectively.

901101. Investment activities, including:

- Debt-financed income (512(b)(4));

- Qualifying partnership interests;
- Qualifying S corporation interests; and
- Certain gross income of organizations subject to section 512(a)(3), or 501(c)(7), (9), or (17).

901301. Insurance income derived from controlled foreign corporations (section 512(b)(17)).

903###. Passive income activities with controlled organizations.

904###. Nonqualifying S corporation interests.

You must report each separate unrelated trade or business using the

first two digits of the NAICS code that most accurately describes the unrelated trade or business based on the more specific NAICS code, such as at the 6-digit level. Investment activities reported as separate trades or businesses that are identified with a non-NAICS business activity code should use the 6-digit code from the list above. See Regulations section 1.512(a)-6(b)(1).

Item C at the top of Schedule A (Form 990-T) requires a 6-digit entry. Enter a 2-digit NAICS code by entering the first digits followed by four zeros.

Appendix

Appendix A. Definitions

Section 501(c)(3) organization.

Section 501(c)(3) describes certain organizations which are exempt from taxation under section 501(a). A 501(c)(3) organization is an organization organized and operated exclusively for charitable purposes. See Regulations section 1.501(c)(3)-1(a).

Annual return. An annual return (for purposes of the public inspection rules discussed below) is an exact copy of the Form 990-T that was filed with the IRS, including all schedules

and attachments. It also includes any amendments to the original return (amended return).

By annual return (for purposes of the public inspection rules discussed below), we mean any annual return (defined above) that isn't more than 3 years old from the later of:

- The date the return is required to be filed (including extensions), or
- The date that the return is actually filed.

Directly connected expenses. To be deductible in computing UBTI, expenses, depreciation, and similar

items must qualify as deductions allowed by section 162, section 167, or other sections, and must be directly connected with the conduct of unrelated trade or business activity.

To be directly connected with the conduct of an unrelated trade or business activity, expenses, depreciation, and similar items must bear a proximate and primary relationship to the conduct of the activity. For example, where facilities and/or personnel are used both to conduct exempt activities and to conduct an unrelated trade or

business, expenses and similar items attributable to such facilities and/or personnel must be allocated between the two uses on a reasonable basis. The portion of any such item allocated to the unrelated trade or business must bear a proximate and primary relationship to that unrelated trade or business.

Not substantially related to. “Not substantially related to” means the activity that produces the income doesn’t contribute importantly to the exempt purposes of the organization, other than the need for funds. Whether an activity contributes importantly depends in each case on the facts involved.

For details, see Pub. 598, Tax on Unrelated Business Income of Exempt Organizations.

Trade or business. A trade or business is any activity conducted for the production of income from selling goods or performing services. An activity must be conducted with intent to profit to constitute a trade or business. An activity doesn’t lose its identity as a trade or business merely because it is conducted within a larger group of similar activities that may or may not be related to the exempt purpose of the organization. If, however, an activity conducted for profit is an unrelated trade or business, no part of it can be excluded from this classification merely because it doesn’t result in profit.

Separate trade or business. An organization with more than one unrelated trade or business should refer to Regulations section 1.512(a)-6 to determine if two or more trades or businesses are separate trades or businesses for purposes of calculating UBTI.

Unrelated trade or business income. Unrelated trade or business income is the gross income derived from any trade or business (defined above) regularly carried on and not substantially related to (defined above) the organization’s exempt purpose or function (aside from the organization’s need for income or funds or the use it makes of the profits).

Generally, for section 501(c)(7), (9), or (17) organizations, unrelated trade or business income is derived

from nonmembers with certain modifications (see section 512(a)).

For a section 511(a)(2)(B) state college or university, or a corporation wholly owned by such a college or university, unrelated trade or business income is derived from activities not substantially related to exercising or performing any purpose or function described in section 501(c)(3).

An unrelated trade or business doesn’t include a trade or business:

1. In which substantially all the work is performed for the organization without compensation; or
2. That is conducted by a section 501(c)(3) or 511(a)(2)(B) organization mainly for the convenience of its members, students, patients, officers, or employees; or
3. That sells items of work-related equipment and clothes, and items normally sold through vending machines, food dispensing facilities or by snack bars, by a local association of employees described in section 501(c)(4), organized before May 27, 1969, if the sales are for the convenience of its members at their usual place of employment; or
4. That sells merchandise substantially all of which was received by the organization as gifts or contributions; or
5. That consists of qualified public entertainment activities regularly conducted by a section 501(c)(3), (4), or (5) organization as one of its substantial exempt purposes (see section 513(d)(2) for the meaning of qualified public entertainment activities); or
6. That consists of qualified convention or trade show activities regularly conducted by a section 501(c)(3), (4), (5), or (6) organization as one of its substantial exempt purposes (see section 513(d)(3) for the meaning of qualified convention and trade show activities); or
7. That furnishes one or more services described in section 501(e)(1)(A) by a hospital to one

or more hospitals subject to conditions in section 513(e); or

8. That consists of qualified pole rentals, as defined in section 501(c)(12)(D), by a mutual or cooperative telephone or electric company; or
9. That includes activities relating to the distribution of low-cost articles, each costing \$13.60 or less, by an organization described in section 501 and contributions to which are deductible under section 170(c)(2) or (3) if the distribution is incidental to the solicitation of charitable contributions; or
10. That includes the exchange or rental of donor or membership lists between organizations described in section 501 and contributions to which are deductible under section 170(c)(2) or (3); or
11. That consists of bingo games as defined in section 513(f). Generally, a bingo game isn’t included in any unrelated trade or business if:
 - a. Wagers are placed, winners are determined, and prizes are distributed in the presence of all persons wagering in that game; and
 - b. The game doesn’t compete with bingo games conducted by for-profit businesses in the same jurisdiction; and
 - c. The game doesn’t violate state or local law; or
12. That consists of conducting any game of chance by a nonprofit organization in the state of North Dakota and the conducting of the game doesn’t violate any state or local law; or
13. That consists of soliciting and receiving qualified sponsorship payments that are solicited or received after December 31, 1997. Generally, qualified sponsorship payment means any payment to a tax-exempt organization by a person engaged in a trade or business in which there is no arrangement or expectation of any substantial return benefit by that person other than the use or

acknowledgment of that person's name, logo, or product lines in connection with the activities of the tax-exempt organization. See section 513(i).

Appendix B. Charitable Contribution Deduction

Charitable contributions. Filers should use the following information regarding the charitable contribution deduction to complete Form 990-T, Part I, line 4.

Corporations. The total amount claimed normally can't be more than 10% of UBTI figured without regard to the following.

- Any deduction for contributions.
- Any capital loss carryback to the tax year under section 1212(a)(1).

Corporations on the accrual basis can elect to deduct contributions paid by the 15th day of the 4th month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach a declaration statement to the return stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. The declaration statement must also include the date the resolution was adopted. See Regulations section 1.170A-11.

Charitable contributions over the 10% limitation can't be deducted for the tax year, but may be carried over to the next 5 tax years.

In figuring the charitable contributions deduction, if the corporation has an NOL carryover to the tax year, the 10% limit is applied using the taxable income after taking into account any deduction for the NOL.

To figure the amount of any remaining NOL carryover to later years, taxable income must be modified. See section 172(b). To the extent charitable contributions are used to reduce taxable income for this purpose and increase an NOL carryover, a contributions carryover isn't allowed. See section 170(d)(2)(B).

Trusts. In general.

1. For contributions to organizations described in

section 170(b)(1)(A), the amount claimed may not be more than 50% of the UBTI figured without this deduction; and

2. For contributions to other organizations, the amount claimed may not be more than the smaller of:
 - a. 30% of UBTI figured without this deduction; or
 - b. The amount by which 50% of the UBTI is more than the contributions allowed in (1) above.

An increased limitation may be available for cash contributions under section 170(b)(1)(G).

Caution: Contributions not allowable in whole or in part because of the limitations may not be deducted as a business expense but may be carried over to the next 5 tax years.

Substantiation requirements.

Generally, no deduction is allowed for any contribution of \$250 or more, unless the organization gets a written acknowledgment from the donee organization that shows the amount of cash contributed, describes any property contributed, and either gives a description and a good faith estimate of the value of any goods or services provided in return for the contribution or states that no goods or services were provided in return for the contribution. The acknowledgment must be obtained by the due date (including extensions) of the organization's return, or, if earlier, the date the return is filed. However, see section 170(f)(8) and the related regulations for exceptions to this rule. Don't attach the acknowledgment to the return, but keep it with the organization's records.

Note: For contributions of cash, check, or other monetary gifts (regardless of the amount), the organization must maintain a bank record, or a receipt, letter, or other written communication from the donee organization indicating the name of the organization, the date of the contribution, and the amount of the contribution.

Contributions of property other than cash. If an organization contributes property other than cash

and claims over a \$500 deduction for the property, it must attach a statement to the return describing the kind of property contributed and the method used to determine its FMV. All organizations must generally complete and attach Form 8283, Noncash Charitable Contributions, to their returns for contributions of property (other than money) if the total claimed deduction for all property contributed was more than \$5,000. Special rules apply to the contribution of certain property. See the Instructions for Form 8283. A donee organization must use Form 8282, Donee Information Return, to report information to the IRS and donors about dispositions of certain charitable deduction property made within 3 years after the donor contributed the property. See the Instructions for Form 8282.

Special rules for contributions of certain easements in registered historic districts. The following rules apply to certain contributions of real property interests located in a registered historic district.

- A deduction is allowed for the qualified real property interest, if the exterior of the building (including the front, side, rear, and space above the building) is preserved and no portion of the exterior is changed in a manner that is inconsistent with its historical character. See section 170(h)(4)(B).
- A deduction is allowed on the building only (no deduction is allowed for a structure or land) if located in a registered historic district. However, if listed in the National Register, a deduction is also allowed for structures or land areas. See section 170(h)(4)(C).
- The organization must also include the following information with the tax return.
 1. A qualified appraisal (as defined in section 170(f)(11)(E)) of the qualified property interest.
 2. Photographs of the entire exterior of the building.
 3. A description of all restrictions on the development of the building. See section 170(h)(4)(B)(iii).

- The organization's deduction may be reduced if rehabilitation credits were claimed on the building. See section 170(f)(14).
- A \$500 filing fee may apply to certain deductions over \$10,000. See section 170(f)(13).

Reduced deductions for contributions for certain property. The organization must reduce its deduction for contributions of certain capital gain property and qualified appreciated stock. See sections 170(e)(1) and 170(e)(5).

Special rules for corporations. A larger deduction is allowed for certain contributions of:

- Inventory and other property to certain organizations for use in the care of the ill, needy, or infants (including contributions of apparently wholesome food (see section 170(e)(3)(C))); and
- Scientific equipment used for research to institutions of higher learning or to certain scientific research organizations (see section 170(e)(4)).

See section 170, the related regulations, and Pub. 526, Charitable Contributions.

Appendix C. Public Inspection of Form 990-T Returns Filed by Section 501(c)(3) Organizations

Public inspection requirements of section 501(c)(3) organizations. Under section 6104(d), a section 501(c)(3) organization that files Form 990-T must make its entire annual exempt organization business income tax return (including amended returns) available for public inspection.

The Form 990-T and related schedules must be made available for public inspection for a period of 3 years from the date the Form 990-T is required to be filed, including any extension.

What schedules and attachments to Form 990-T must be made available for public inspection? Only schedules, attachments (statements), and supporting documents that relate to the

imposition of tax on UBTI must be made available for public inspection when attached to a section 501(c)(3) organization's Form 990-T filed after August 17, 2006.

The following documents, when attached to a section 501(c)(3) organization's Form 990-T filed after August 17, 2006, aren't required to be made available for public inspections.

- Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation.
- Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations.
- Form 8271, Investor Reporting of Tax Shelter Registration Number.
- Form 8594, Asset Acquisition Statement Under Section 1060.
- Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.
- Form 8832, Entity Classification Election.
- Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs).
- Form 8865, Return of U.S. Person With Respect to Certain Foreign Partnerships.
- Form 8886, Reportable Transaction Disclosure Statement.
- Form 8913, Credit for Federal Telephone Excise Tax Paid.
- Form 8925, Report of Employer-Owned Life Insurance Contracts.
- Form 8941, Credit for Small Employer Health Insurance Premiums.
- Form 8975, Country-by-Country Report.

How does a 501(c)(3) organization make its annual returns available for public inspection? A

501(c)(3) organization must make its annual returns available in two ways.

- By office visitation.
- By providing copies or making them widely available.

Public inspection by office visitation. A 501(c)(3) organization must make its annual returns available for public inspection without charge at its principal, regional, and district offices during regular business hours.

Conditions that may be set for public inspection at the office. A 501(c)(3) organization:

- May have an employee present,
- Must allow the individual conducting the inspection to take notes freely during the inspection, and
- Must allow an individual to make photocopies of documents at no charge but only if the individual brings photocopying equipment to the place of inspection.

Determining if a site is a regional or district office. A regional or district office is any office of a 501(c)(3) organization, other than its principal office, that has paid employees whose total number of paid hours a week are normally 120 hours or more. Include the hours worked by part-time (as well as full-time) employees in making that determination.

What sites aren't considered a regional or district office. A site isn't considered a regional or district office if:

1. The only services provided at the site further the organization's exempt purposes (for example, daycare, health care, or scientific or medical research); and
2. The site doesn't serve as an office for management staff, other than managers who are involved only in managing the exempt function activities at the site.

What if the 501(c)(3) organization doesn't maintain a permanent office? If the 501(c)(3) organization doesn't maintain a permanent office, it will comply with the public inspection by office visitation requirement by making the annual returns available at a reasonable location of its choice. It must permit public inspection:

- Within a reasonable amount of time after receiving a request for inspection (normally, not more than 2 weeks), and
- At a reasonable time of day.

Optional method of complying. If a 501(c)(3) organization that doesn't have a permanent office wishes not to allow an inspection by office visitation, it may mail a copy of the requested documents instead of allowing an inspection. However, it

must mail the documents within 2 weeks of receiving the request and may charge for copying and postage only if the requester consents to the charge.

501(c)(3) organizations with a permanent office but limited or no hours. Even if a 501(c)(3) organization has a permanent office but no office hours or very limited hours during certain times of the year, it must still meet the office visitation requirement. To meet this requirement during those periods when office hours are limited or not available, follow the rules under *What if the 501(c)(3) organization doesn't maintain a permanent office*, earlier.

Public Inspection—Providing Copies

A 501(c)(3) organization must provide copies of its annual returns to any individual who makes a request for a copy in person or in writing unless it makes these documents widely available.

In-person requests for document copies. A 501(c)(3) organization must provide copies to any individual who makes a request in person at the 501(c)(3) organization's principal, regional, or district office during regular business hours on the same day that the individual makes the request.

Accepted delay in fulfilling an in-person request. If unusual circumstances exist and fulfilling a request on the same day places an unreasonable burden on the 501(c)(3) organization, it must provide copies by the earlier of:

- The next business day following the day that the unusual circumstances end, or
- The fifth business day after the date of the request.

Examples of unusual circumstances include:

- Receipt of a volume of requests (for document copies) that exceeds the 501(c)(3) organization's daily capacity to make copies,
- Requests received shortly before the end of regular business hours that require an extensive amount of copying, or
- Requests received on a day when the 501(c)(3) organization's managerial staff capable of

fulfilling the request is conducting official duties (for example, student registration or attending an off-site meeting or convention) instead of its regular administrative duties.

Use of local agents for providing copies. A 501(c)(3) organization may use a local agent to handle in-person requests for document copies. If a 501(c)(3) organization uses a local agent, it must immediately provide the local agent's name, address, and telephone number to the requester.

The local agent must:

- Be located within reasonable proximity to the principal, regional, or district office where the individual makes the request; and
- Provide document copies within the same time frames as the 501(c)(3) organization.

Written requests for document copies. If a 501(c)(3) organization receives a written request for a copy of its annual returns (or parts of these documents), it must give a copy to the requester. However, this rule only applies if the request:

- Is addressed to a 501(c)(3) organization's principal, regional, or district office;
- Is delivered to that address by mail, electronic mail (email), facsimile (fax), or a private delivery service (PDS) approved by the IRS (see [IRS.gov/PDS](https://www.irs.gov/PDS) for the lists of PDSs); and
- Gives the address to which the document copies should be sent.

How and when a written request is fulfilled.

- Requested document copies must be mailed within 30 days from the date the 501(c)(3) organization receives the request.
- Unless other evidence exists, a request or payment that is mailed is considered to be received by the 501(c)(3) organization 7 days after the postmark date.
- If an advance payment is required, copies must be provided within 30 days from the date payment is received.
- If the 501(c)(3) organization requires payment in advance and it receives a request without payment or with insufficient

payment, it must notify the requester of the prepayment policy and the amount due within 7 days from the date it receives the request.

- A request that is transmitted to the 501(c)(3) organization by email or fax is considered received the day the request is transmitted successfully.
- Requested documents can be emailed instead of the traditional method of mailing if the requester consents to this method.

A document copy is considered as provided on the:

- Postmark date,
- Private delivery date,
- Registration date for certified or registered mail,
- Postmark date on the sender's receipt for certified or registered mail, or
- Day the email is successfully transmitted (if the requester agreed to this method).

Requests for parts of a document copy. A person can request all or any specific part or schedule of the annual returns and the 501(c)(3) organization must fulfill their request for a copy.

Can an agent be used to provide copies? A 501(c)(3) organization can use an agent to provide document copies for the written requests it receives. However, the agent must provide the document copies under the same conditions that are imposed on the 501(c)(3) organization itself. Also, if an agent fails to provide the documents as required, the 501(c)(3) organization will continue to be subject to penalties.

Example. The ABC Organization retained an agent to provide copies for all written requests for documents. However, the ABC Organization received a request for document copies before the agent did.

The deadline for providing a response is referenced by the date that the ABC Organization received the request and not when the agent received it. If the agent received the request first, then a response would be referenced to the date that the agent received it.

Can a fee be charged for providing copies? A 501(c)(3)

organization may charge a reasonable fee for providing copies. Also, it can require the fee to be paid before providing a copy of the requested document.

What is a reasonable fee? A fee is reasonable only if it is no more than the per-page copying fee charged by the IRS for providing copies, plus no more than the actual postage costs incurred to provide the copies.

What forms of payment must the 501(c)(3) organization accept? The form of payment depends on whether the request for copies is made in person or in writing.

Cash and money orders must be accepted for in-person requests for document copies. The 501(c)(3) organization, if it wishes, may accept additional forms of payment.

Certified check, money order, and either personal check or credit card must be accepted for written requests for document copies. The 501(c)(3) organization, if it wishes, may accept additional forms of payment.

Other fee information. If a 501(c)(3) organization provides a requester with notice of a fee and the requester doesn't pay the fee within 30 days, the 501(c)(3) organization may ignore the request.

If a requester's check doesn't clear on deposit, the 501(c)(3) organization may ignore the request.

If a 501(c)(3) organization doesn't require prepayment and the requester doesn't prepay, the 501(c)(3) organization must receive consent from the requester if the copying and postage charge exceeds \$20.

501(c)(3) organizations subject to a harassment campaign. If the IRS determines that a 501(c)(3) organization is being harassed, it isn't required to comply with any request for copies that it reasonably believes is part of the harassment campaign.

A group of requests for a 501(c)(3) organization's annual return is indicative of a harassment campaign if the requests are part of a single coordinated effort to disrupt the operations of the 501(c)(3)

organization rather than to collect information about it.

Requests that may be disregarded without IRS approval. A 501(c)(3) organization may disregard any request for copies of all or part of any document beyond the first two received within any 30-day period or the first four received within any 1-year period from the same individual or the same address.

Making the Annual Returns Widely Available

A 501(c)(3) organization doesn't have to provide copies of its annual returns if it makes these documents widely available. However, it must still allow public inspection by office visitation.

How does a 501(c)(3) organization make its annual returns widely available? A 501(c)(3) organization's annual returns are widely available if it meets all four of the following requirements.

1. The Internet posting requirement is met if:
 - The document is posted on an Internet page that the 501(c)(3) organization establishes and maintains, or
 - The document is posted as part of a database of like documents of other tax-exempt organizations on an Internet page established and maintained by another entity.
2. An additional posting information requirement is met if:
 - The Internet page through which the document is available clearly informs readers that the document is available and provides instructions for downloading the document;
 - After it is downloaded and viewed, the web document exactly reproduces the image of the annual return as it was originally filed with the IRS, except for any information permitted by statute to be withheld from public disclosure; and
 - Any individual with access to the Internet can access, download, view, and print the

document without special computer hardware or software required for that format (except software that is readily available to members of the public without payment of any fee) and without payment of a fee to the 501(c)(3) organization or to another entity maintaining the web page.

3. The reliability and accuracy requirements are met if the entity maintaining the Internet page:
 - Has procedures for ensuring the reliability and accuracy of the document that it posts on the page;
 - Takes reasonable precautions to prevent alteration, destruction, or accidental loss of the document when posted on its page; and
 - Corrects or replaces the document if a posted document is altered, destroyed, or lost.
4. The notice requirement is met if a 501(c)(3) organization notifies any individual requesting a copy of its annual return where the documents are available (including the Internet address). If the request is made in person, the 501(c)(3) organization must notify the individual immediately. If the request is in writing, it must notify the individual within 7 days of receiving the request.

Penalties

A penalty may be imposed on any person who doesn't make the annual returns (including all required attachments) available for public inspection according to the section 6104(d) rules discussed earlier. If more than one person fails to comply, each person is jointly and severally liable for the full amount of the penalty. The penalty amount is \$20 for each day during which a failure occurs. The maximum penalty that may be imposed on all persons for any one annual return is \$10,000.

Any person who willfully fails to comply with the section 6104(d) public inspection requirements is subject to an additional penalty of \$5,000.

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