

IRS News Release

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IRS to Notify Small Tax-Exempt Organizations of New Information Reporting Requirement

IR-2007-129, July 12, 2007

WASHINGTON — The Internal Revenue Service today announced that it began mailing educational letters this month to more than 650,000 small tax-exempt organizations that may be required to submit a new annual notice, Form 990-N, “Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ.”

IRS expects to mail the letters over a period of several months, finishing in December.

With the enactment of the Pension Protection Act of 2006 (PPA), the majority of small tax-exempt organizations are now required to submit the e-Postcard. Previously, tax-exempt organizations with gross receipts of \$25,000 or less were not required to submit information returns. The first e-Postcards are due in calendar year 2008. The IRS intends to have an option available for free electronic submission of the e-Postcard.

“We’re sending these educational letters to all the small exempt organizations in our records because we want to make sure they all know about the new requirement,” said Lois G. Lerner, director of the IRS Exempt Organizations division. “The new e-Postcard reporting requirement is simple and straightforward, but organizations shouldn’t ignore it, or they risk losing their tax-exempt status.”

Any organization that fails to meet its annual reporting requirement for three consecutive years automatically loses its tax-exempt status under the new law. An organization that wants to regain its exempt status will then have to reapply for recognition as a tax-exempt organization.

Short, Easy, Free and Electronic

“The IRS calls the new form an e-Postcard because it is short, easy and electronic,” Lerner said. “And organizations will be able to submit it free of charge.”

The e-Postcard requires small organizations to provide a legal name and mailing address, any other names used, a Web address if one exists, the name and address of a principal officer and a statement confirming the organization’s annual gross receipts are normally \$25,000 or less.

In addition to sending out educational letters, IRS is encouraging everyone — individual volunteers, tax practitioners and larger organizations — to spread the word about the new e-Postcard reporting requirement.

“People do a lot to help their communities by volunteering their time and money to local charities. We’re asking them to also offer a helping hand by making sure that charities know about the law change,” Lerner said. “We don’t want those organizations to lose their tax-exempt status because they didn’t know about the new reporting requirement.”

The IRS is developing a free reporting system for the e-Postcard and an application to make the information available to the public on IRS.gov. Information about these systems will be announced as soon as it becomes available.

Further details, including exceptions to the reporting requirement and a copy of the educational letter, are available in the charities and non-profits section of IRS.gov.