2022

Instructions for Form 4720

Department of the Treasury
Internal Revenue Service

Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code (Sections 170(f)(10), 664(c)(2), 4911, 4912, 4941, 4942, 4943, 4944, 4945, 4955, 4958, 4959, 4960, 4965, 4966, 4967 and 4968)

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 4720 and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form4720*.

What's New

Entity or person subject to tax filing Form 4720 with respect to more than one organization. Item B in the header area of Form 4720 is revised for use by any entity (other than the organization) or person who is required to file Form 4720 to report and pay an excise tax under Chapters 41 or 42 of the Internal Revenue Code with respect to more than one organization. The information entered in Item B will allow IRS systems to accept and process multiple Form 4720 filings under the same taxpayer number (Employer Identification Number or Social Security Number).

Explanations of corrective action taken. Instead of using Item B to collect information about corrections made (or not made) on taxable events, Form 4720 is revised to request information about such corrections in each of Schedules A, B, C, D, E, F, or I. Now, for each transaction to which an initial tax applies under sections 4941, 4942, 4943, 4944, 4945, 4955, or 4958, the organization or any other entity or person required to file Form 4720 to report one or more such transactions, must indicate whether a correction has been made (or not) on the Schedule where each transaction is reported.

Reminders

Forms 4720 filed by private foundations are publicly disclosable. Don't enter Social Security Numbers on these publicly disclosable returns.

Separate returns. A manager, self-dealer, disqualified person, donor, donor advisor, or related person who owes tax under Chapter 41 or 42, (including an organization manager under section 4965), may no longer report the tax on the Form 4720 filed by the organization. Each taxpayer must file a separate Form 4720.

Electronic filing. Under Regulations section 1.6033-2(a)(2)(ii)(J), private foundations are required to report such information as is required by Form 4720 as part of their information reporting requirement under section 6033. Therefore, private foundations reporting information required as to liability for tax imposed under Chapter 42 on the Form 4720 (Schedules A-F, J, or N) must file this form electronically. Other filers of Form 4720 may be required to file electronically. See Regulations section 301.6011-12. Additionally, any other filer of Form 4720 who is not required to file electronically also may use the electronic form.

General Instructions

Purpose of Form

Use Form 4720 to figure and pay the following.

- The initial taxes on private foundations, disqualified persons, or foundation managers under sections 4941 through 4945 for self-dealing, failure to distribute income, excess business holdings, investments that jeopardize charitable purpose, and taxable expenditures (see instructions for Schedules A through E for definitions).
- The initial tax on certain supporting organizations and donor advised funds for excess business holdings under section 4943.
- The section 4911 tax on excess lobbying expenditures by public charities that have elected to be subject to section 501(h) regarding expenditures to influence legislation. (Private foundations and section 4947(a) trusts aren't eligible to make this election).
- The section 4912 tax on disqualifying lobbying expenditures that result in loss of section 501(c)(3) tax-exempt status.
- The section 4955 tax imposed on any amount paid or incurred by a section 501(c)(3) organization that participates or intervenes in any political campaign on behalf of, or in opposition to, any candidate for public office.
- The section 4958 initial taxes on disqualified persons and organization managers of section 501(c)(3) (except private foundations), section 501(c)(4), and section 501(c)(29) organizations that engage in excess benefit transactions.
- The section 4959 tax on the failure by a hospital organization to meet the community health needs assessment requirements under section 501(r)(3).
- The section 4960 taxes on excess tax-exempt organization executive compensation.
- The section 4965 taxes on prohibited tax shelter transactions.
- The section 4966 taxes on taxable distributions by sponsoring organizations maintaining donor advised funds.
- The section 4967 taxes on a donor, donor advisor, or related party, and a manager of a sponsor of a donor advised fund, relating to distributions that result in prohibited benefits from a donor advised fund.
- The section 4968 taxes on net investment income of certain private colleges and universities.
- The section 170(f)(10) tax on any premiums paid on a personal benefit contract in connection with a transfer to an organization or charitable remainder trust for which a charitable deduction isn't allowed to the transferor.
- The section 664(c)(2) tax on the unrelated business taxable income of a charitable remainder trust.

Who Must File

Organizations and Any Related Organization Subject to Tax Under Section 4960

Organizations liable for excise tax under Chapter 41 or 42 should complete the schedule(s) described below, as applicable. Taxes owed by the organization are reported in Part I only.

The organization should not enter any amount(s) in Part II. Part II is used by persons and entities other than the organization to report and pay excise tax liability relating transactions or activities described in the applicable schedule.

Private foundations and section 4947(a) trusts. Generally, Form 4720 must be filed by all organizations, including foreign organizations, that answered "Yes," to question 1b, 1d, 2b, 3b, 4a, 4b, 5b, 6b, 7b, or 8 in Part VI-B of Form 990-PF; or "Yes," to question 1b, 1c, 3b, 4a, 4b, 5b, 6b, or 7 in Part VIII of Form 5227. (Schedules A through E).

Other organizations owing initial taxes on excess business holdings. Supporting organizations described in section 4943(f)(3) and donor advised funds described in section 4966(d)(2) that owe the tax reported on Schedule C (section 4943(a)). (Schedule C).

Organizations making political expenditures. All section 501(c)(3) organizations that make a political expenditure must file Form 4720 to report the liability and pay the tax (Schedule F). Organization managers may report any first-tier tax they owe on Schedule F of Form 4720. (See Schedule F instructions, later, for the definition of political expenditures.)

Public charities making excess lobbying expenditures. Public charities that made the election under section 501(h) and owe tax on excess lobbying expenditures as figured on Schedule C (Form 990), Part II-A, must file Form 4720 to report the liability and pay the tax (Schedule G). Certain organizations whose section 501(c)(3) status is revoked because of excess lobbying activities (and possibly their managers) are subject to a 5% excise tax on their lobbying expenditures (Schedule H).

Charitable organizations that engage in excess benefit transactions. Form 4720 must be filed by any organization that answered "Yes" to question 25a in Part V of Form 990 or that otherwise engaged in an excess benefit transaction described in section 4958. (Schedule I).

Charitable organizations that make certain premium payments on personal benefit contracts. Form 4720 must be filed by any organization described in section 170(c) or section 664(d) that answered "Yes," to question 7f in Part V of Form 990, question 6b in Part VI-B of Form 990-PF, question 6b in Part VIII of Form 5227, or that otherwise paid premiums on a personal benefit contract in connection with a transfer to an organization for which a charitable deduction was not allowed to the transferor (Part I, line 8).

Certain tax-exempt entities that are a party to a prohibited tax shelter transaction (PTST). Certain tax-exempt entities must file Form 4720 to report the liability and pay the tax due under section 4965(a)(1) (Schedule J). This requirement applies to entities described in sections 501(c), 501(d), or 170(c) (other than the United States) or an Indian tribal government (within the meaning of section 7701(a)(40)).

Any entity described in section 4965(c) that is a party to a PTST must file Form 8886-T.

Sponsoring organizations maintaining donor advised funds. All section 170(c) organizations (excluding private foundations and government organizations referred to in sections 170(c)(1) and 170(c)(2)(A)) that maintain one or more donor advised funds must file Form 4720 to report the liability and pay the tax owed on any taxable distributions under section 4966 (Schedule K). In addition, sponsoring organizations that have made a distribution resulting in a prohibited benefit to a donor, donor advisor, or related person must file Form 4720 to report the distribution (Schedule L).

Charitable remainder trusts. All charitable remainder trusts described in section 664 that have unrelated business taxable income for the tax year must file Form 4720 to report the liability and pay the tax due (Part I, line 11). Unrelated business taxable income is figured under section 512 and is determined as if Part III of subchapter F applies to such trusts. Use Form 990-T to compute unrelated business taxable income. The charitable remainder trust should not submit Form 990-T for processing as a return. Instead, attach a

copy of the completed Form 990-T and file with Form 4720.

Hospital organizations failing to meet the community health needs assessment requirements (Sections 501(r)(3), 4959). An excise tax is imposed on the failure by a hospital organization to meet the community health needs assessment ("CHNA") requirements of section 501(r)(3) (Schedule M).

Certain taxpayers that pay excess executive compensation. An applicable tax-exempt organization (ATEO) that pays to any covered employee more than $1 million in remuneration or pays an excess parachute payment during the year must file Form 4720 to report the liability and pay the excise tax imposed by section 4960. (Schedule N). An ATEO includes section 501(a) exempt organizations, section 527 political organizations, section 521 farmers' cooperatives, and government entities that have income excluded under section 115(1). If remuneration from a related organization is included to determine the tax imposed by section 4960, the related organization must file a separate Form 4720 to report its share of liability for the tax on Schedule N. See the instructions for Schedule N, later, for the definition of related organization for purposes of the excise tax under section 4960.

TIP *A governmental entity that is not exempt from tax under section 501(a) and does not exclude income under section 115(1) is not an ATEO for purposes of section 4960.*

Certain private colleges and universities subject to the excise tax on net investment income (section 4968). An applicable educational institution must file Form 4720 to report the liability and pay the excise tax imposed by section 4968. (Schedule O) An applicable educational institution is a private college or university that:

- Answered "Yes" to line 16 in part V of Form 990 or that otherwise is a private college or university that is an eligible educational institution, as defined in section 25A(f)(2),
- Had at least 500 students during the preceding tax year, with more than 50% of those students located in the United States, and
- Had an aggregate fair market value, at the end of the preceding tax year, of assets not used directly in the carrying out of the organization's exempt purpose, held by the organization and related organizations, of at least $500,000 per student.

Other Filers

Managers, self-dealers, disqualified persons, donors, donor advisors, and related persons. A manager, self-dealer, disqualified person, donor, donor advisor, or related person who owes tax under Chapter 41 or 42, including an organization manager under section 4965, must file a separate Form 4720 showing the tax owed. The Form 4720 filed by a manager, self-dealer, disqualified person, donor, donor advisor, or related person should include the name of the organization in Part II. If applicable, a separate Form 4720 should be filed for each organization for which the manager, self-dealer, disqualified person, donor, donor advisor, or related person owes tax. A person filing Form 4720 should enter their tax year at the top of Form 4720. Enter the name, address, and taxpayer identification number of the manager, self-dealer, disqualified person, donor, donor advisor, or related person in the address area at the top of Form 4720. Enter the name of the organization in the name and address area in Part II. Each manager, self-dealer, disqualified person, donor, donor advisor, or related person should complete all the information the form requires, including the schedule(s) applicable to each tax shown on Part II, to the extent possible, and as applicable.

TIP *Managers of tax favored retirement plans, individual retirement arrangements, and savings arrangements described in sections 401(a), 403(a), 403(b), 529, 457(b), 408(a), 220(d), 408(b), 530, or 223(d) must report and pay tax due under section 4965(a)(2) on Form 5330.*

Where and How To File

Electronic filing. All persons required to file can file Form 4720 electronically. For general information about electronic filing, visit *IRS.gov/Efile*, and see Pub. 4163, Modernized e-file Information for Authorized IRS e-File Providers for Business Returns.

Mandatory electronic filing. All private foundations reporting information required as to liability for tax imposed under Chapter 42 on the Form 4720 (Schedules A-F, J, or N) must file this form electronically, regardless of the number of other returns the private foundation must file during the calendar year. Form 4720 returns filed on paper by organizations required to file electronically will not be accepted or processed.

IF you are located in ...	THEN use the following address ...
the United States	Department of the Treasury Internal Revenue Service Center Ogden, UT 84201-0027
a foreign country or a U.S. possession	Internal Revenue Service Center P.O. Box 409101 Ogden, UT 84409

Private delivery services. You can use certain private delivery services (PDS) designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. Go to *IRS.gov/PDS* for the current list of designated services.

The private delivery service can tell you how to get written proof of the mailing date.

Private delivery services can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address. Private delivery services deliver to:

Internal Revenue Service
1973 Rulon White Blvd.
Ogden, UT 84201

When To File

Part I taxes on the organization. File Form 4720 by the due date (not including extensions) for filing the organization's Form 990-PF, Form 990, Form 990-EZ, or Form 5227. If you aren't required to file any of these forms, file Form 4720 by the 15th day of the 5th month after the organization's accounting period ends.

If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Affiliated group member. See section 4911(f) and instructions for Schedule G, later, for definition of "affiliated group." For members of an affiliated group of organizations that have different tax years, and who are filing Form 4720 to report tax under section 4911, the tax year of the affiliated group is the calendar year,

unless all members of the group elect under Regulations section 56.4911-7(e)(5) to make a member's year the group's tax year.

Part II taxes on managers, self-dealers, disqualified persons, donors, donor advisors, or related persons. Each manager, self-dealer, disqualified person, donor, donor advisor, or related person, must file Form 4720 by the 15th day of the 5th month after the end of their tax year.

If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Extension

Use Form 8868, Application for Automatic Extension of Time To File an Exempt Organization Return, to request an automatic extension of time to file. The automatic extension will be granted if Form 8868 is properly completed, filed, and any balance due shown on Form 4720 is paid by the due date for Form 4720.

Name, Address, etc.

For an organization filing its own Form 4720, the name, address, and employer identification number of the organization should be the same as shown on Form 990-PF, Form 5227, Form 990, or Form 990-EZ, and entered in the address field at the top of the form. A self-dealer, donor, donor advisor, related person, disqualified person, or manager filing a separate Form 4720 enters their name, address, and taxpayer identification number in the address field at the top of the form. The name and address of the organization to which taxes reported in Part II relate is entered in the address field at the top of Part II.

Include the suite, room, or other unit number after the street address.

If the Post Office doesn't deliver mail to the street address, show the P.O. box number instead of the street address.

If you want a third party (such as an accountant or an attorney) to receive mail for the foundation or charity, enter on the street address line “C/O” followed by the third party's name and street address or P.O. box.

Signature and Verification

Each taxpayer required to file Form 4720 (see *Who Must File*, earlier) must file their own return. Each return must be signed by a person authorized to sign the return as of the date the return is filed.

For a corporation (or an association), the form may be signed by one of the following: president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer).

For a partnership, the form may be signed by a partner or partners authorized to sign the partnership return.

For a trust, the form must be signed by the trustee(s).

A receiver, trustee, or assignee required to file any return on behalf of an individual, a trust, estate, partnership, association, company, or corporation must sign the Form 4720 filed for these taxpayers.

Also, a person with a valid power of attorney may sign for the organization, foundation, manager, self-dealer, donor, donor advisor, or related person. Include a copy of the power of attorney with the return.

Attachments

If you need more space, and are permitted to file a paper form, attach separate sheets showing the same information in the same order as on the printed form. Show the totals on the printed form.

Enter the organization's name and EIN on each sheet. Use sheets that are the same size as the form and indicate clearly the line of the paper form to which the information relates.

Organizations Organized or Created in a Foreign Country

Report all amounts in U.S. currency (state conversion rate used) and give information in English. Report items in total, including amounts and transactions from both inside and outside the United States.

Chapter 42 taxes (including sections 4941 through 4945, 4955, 4958 through 4960 and 4965 through 4968) don't apply to foreign organizations that receive substantially all of their support (other than gross investment income) from sources outside the United States. See section 4948(b). These organizations must complete this form and file it in the same manner as domestic organizations. However, these organizations, as well as their foundation managers and self-dealers, don't have to pay any tax that would otherwise be due on this return.

For these purposes, a foreign organization is an organization not created or organized in or under the law of the United States, a U.S. state or possession, or the District of Columbia. Gifts, grants, contributions, or membership fees directly or indirectly from a United States person (as defined in section 7701(a)(30)) are from sources within the United States. See Regulations section 53.4948-1.

Although a foreign organization described in section 4948(b) isn't subject to Chapter 42 taxes, it shall not be exempt from tax under section 501(a) if it engages in a prohibited transaction. See section 4948(c). A prohibited transaction is a transaction that would subject the organization or its disqualified person to a penalty under section 6684 if the foreign organization were a domestic organization. Unless the transaction constitutes a willful and flagrant violation of a Chapter 42 provision, a transaction violating a Chapter 42 provision won't constitute a prohibited transaction except under the following circumstances:

1. There was a prior Chapter 42 violation that resulted in a warning from the IRS that a second violation would result in a prohibited transaction.
2. The IRS provides notice that the second transaction will constitute a prohibited transaction unless it is corrected within 90 days of the notice.
3. The second transaction isn't timely corrected.

Reporting Self-Dealing, Excess Benefit Transactions, and Prohibited Benefits

A private foundation that engages in a self-dealing transaction must report the transaction on Schedule A but must not pay the tax liability of any disqualified person or manager liable for the excise tax under section 4941(a)(1) or (2).

Payment by a private foundation of any taxes owed by the foundation managers or self-dealers will result in additional taxes under the self-dealing and taxable expenditure provisions (section 4941 and 4945, respectively). In addition, these payments could impact the foundation's calculation of undistributed income on Form 990-PF which could subject the foundation to additional taxes under section 4942. Managers and self-dealers should pay taxes imposed on them from their own funds.

An organization that engages in an excess benefit transaction must report the transaction on Schedule I but must not pay the tax liability of any disqualified person or manager liable for the excise tax under section 4958(a)(1) or (2). Disqualified persons and entity managers should each file their own return and should pay taxes on excess benefit transactions that are imposed on them under section 4958 from their own funds. Any reimbursement of a disqualified person's tax liability from excess benefit transactions by the organization will be treated as an excess benefit transaction subject to the tax unless the organization included the reimbursement in the disqualified person's compensation and the disqualified person's total compensation was reasonable. See the instructions for Schedule I, later, for information on excess benefit transactions.

Similarly, an organization that pays a prohibited benefit from a donor advised fund must report the transaction(s) on Schedule L but must not pay the tax liability of any donor advisor or manager liable for the excise taxes under section 4967. Such persons should each file their own return and pay the applicable excise tax under section 4967 from their own funds. Any reimbursement of a donor advisor's tax liability under section 4967 by the organization will be treated an additional prohibited benefit

Tax Payments

The organization or a related organization liable for the section 4960 excise tax on excess executive compensation, reports and computes the taxes owed on Part I. The organization or related organization pays the applicable taxes on Part III of the organization's Form 4720. Each must file their own return and cannot file jointly.

Managers, self-dealers, disqualified persons, donors, donor advisors, and related persons, report and compute the applicable taxes on Part II. Such persons pay the applicable tax on Part III, each filing a separate Form 4720.

Tax payments can be made by check or through the Electronic Federal Tax Payment System (EFTPS). For more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at *EFTPS.gov*, or call 800-555-4477. You can also get Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started. See below for an exception to this rule for small foundations.

Rounding Off to Whole Dollars

You may round off cents to whole dollars on your 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.

Penalties and Interest

There are penalties for failure to file or to pay tax. There are also penalties for willful failure to file, supply information or pay tax, and for filing fraudulent returns and statements, that apply to public charities, private foundations, managers, donors, donor advisors, related persons, and self-dealers who are required to file this return. See sections 6651, 7203, 7206, and 7207. Also, see section 6684 for penalties that relate to tax liability under Chapter 42.

Interest on any unpaid tax is charged at the underpayment rate established under section 6621. The interest on underpayments is in addition to any penalties.

Abatement

Use Form 843, Claim for Refund and Request for Abatement, to request abatement, refund, or relief under section 4962. See section 4962 for rules on abatement, refund, or relief from payment of first tier taxes under sections 4942 through 4945, 4955, 4958, 4966, and 4967.

Note. If you file Form 4720 on paper, you can submit the Form 843 with your Form 4720 or mail it separately as described in the instructions to that form. If you file Form 4720 electronically, mail Form 843 as described in the instructions to that form after receiving confirmation your electronically filed Form 4720 has been accepted.

Initial Tax Liability and Correction

If you pay an initial tax under sections 4941 through 4945, 4955, and 4958, for tax year 2022, the payment may not satisfy the entire tax liability for a taxable event. The taxable event is the act, failure to act, or transaction that resulted in the liability for initial taxes under these provisions.

Paying the tax and filing a Form 4720 are required for each year or part of a year in the taxable period that applies to the taxable event. Generally, the taxable period begins with the date of the act or investment and ends with the date corrective action is completed, a notice of deficiency is mailed, or the tax is assessed, whichever comes first. Thus, the initial tax liability for those taxes continues to accrue until the date a notice of deficiency is mailed, the violation is corrected, or the tax is assessed, whichever comes first.

To avoid additional taxes and penalties and in some cases further initial taxes, a foundation, organization, disqualified person, or manager must correct the taxable event within the correction period.

Generally, the correction period begins on the date the event occurs and ends 90 days after the mailing date of a notice of deficiency, under section 6212, in connection with the second-tier tax imposed on that taxable event. That time is extended by:

- Any period in which a deficiency can't be assessed under section 6213(a) because a petition to the Tax Court for redetermination of the deficiency is pending, not extended by any supplemental proceeding by the Tax Court under section 4961(b), regarding whether any correction was made, and
- Any other period the IRS determines is reasonable and necessary to correct the taxable event.

The taxable event will be treated as occurring:

- For the tax on failure to distribute income (section 4942), on the first day of the tax year for which there was a failure to distribute income,
- For the tax on excess business holdings (section 4943), on the first day on which there were excess business holdings, or
- In any other case (sections 4941, 4945, 4955, and 4958), on the date the event occurred.

Refer to the instructions for the applicable schedule for information relating to corrections made (or not made) for the applicable excise tax.

Completing the Schedules

Before completing any of the schedules in this return, read the applicable instructions. If any completed schedule shows taxes you owe, enter them on Part I if you are the organization (or

related organization subject to tax under section 4960) or Part II of this return if you are a manager, self-dealer, disqualified person, donor, donor advisor, or related person.

The organization will complete all parts of each applicable schedule, including computation of the initial tax on other persons (e.g., self-dealers and managers), even though the organization is not liable for those tax amounts. Entities other than the organization and individuals filing Form 4720 should complete the parts of a schedule that apply to the transaction(s) that give rise to their liability. Where liability is being allocated among more than one person (e.g., two or more managers allocating the initial tax on managers), the person filing the return should show the full amount of tax and show how the liability allocated.

Note. See *Liability for Tax* (later in Part II) regarding allocation of liability among 2 or more persons liable for an excise tax under Chapter 42.

The instructions for Schedules A through O describe acts or transactions subject to tax under Chapter 42. Don't complete Schedules A and E if exceptions apply to all the acts or transactions. In general, question A on page 1 and Schedules A, B, C, D, and E don't apply to public charities. However, Schedule C does apply to some public charities including certain sponsoring organizations of donor advised funds and certain supporting organizations that are treated as private foundations for purposes of section 4943. See the instructions for Schedule C for a description of the public charities to which section 4943 applies.

Before completing Schedule C, determine whether the organization or donor advised fund has excess holdings in any business enterprise. If the organization or donor advised fund has holdings subject to the tax on excess business holdings, complete a separate Schedule C for each enterprise.

Before completing Schedule D, determine whether the investment was program related. If not, complete Schedule D for each investment for which you answered "Yes," to Form 990-PF, Part VI-B, question 4a or b, or Form 5227, Part VIII, question 4a or b.

Amended Return

To correct a previously filed Form 4720 (including the reporting of additional excise taxes discovered after the original Form 4720 filing), use the same year form as the form you are correcting. Check the "Amended Return" box in the heading area.

Complete the entire return (not just the part that changed) following the form and instructions for the amended year.

Include a statement that identifies the lines and amounts being changed and the reason for each change.

If the amended return shows tax due and you wish to request abatement of the tax reported on Form 4720, see *Abatement*, earlier. If the amended return results in an overpayment of tax previously paid, show the amount of the overpayment in Part III, line 4. Do not file Form 843, Claim for Refund and Request for Abatement, to request a refund of an overpayment computed on Part III, line 4.

Specific Instructions for Page 1

An organization filing Form 4720 should check the appropriate box for type of annual return it files. If filing as an individual or taxable entity and the annual return you file isn't shown, subject to a Chapter 42 tax, check "Other."

Question A. If filing as a person subject to a Chapter 42 tax, answer with respect to the related organization.

Question B. Answer "Yes" to question B if you are a self-dealer, donor, donor advisor, related person, disqualified person, or manager and you will be filing Form 4720 to report and pay excise taxes with respect to more than one organization. For example, if you are a manager of two private foundations, both of which made taxable expenditures for which the initial tax on managers is imposed under section 4945(a)(2), answer "Yes" to question B. Attach a list showing the name and EIN of each organization.

You should also answer "Yes" to question B if you are a related organization that is reporting your ratable share of the section 4960 excise tax on excess executive compensation (reported on Part I) in the same year that you are a disqualified person or organization manager who must report and pay an excise tax on Part II with respect to the same organization. You cannot combine amounts from Part I and Part II in Part III. Therefore, you will need to file separate returns - one to report your ratable share of excess executive compensation on Part I, and a second return to report any excise taxes reported on Part II.

Note. A complete list of organizations with respect to which you will file Form 4720 is necessary to ensure that all Form 4720 returns you must file can be accepted for processing.

Part I

Part I is completed by the organization or a related organization liable for tax under section 4960.

An organization filing Form 4720 solely to report activity or transactions on Schedule A, Schedule I or Schedule L, should leave lines 1 through 14 of Part I blank and enter a zero on line 15.

An organization filing form 4720 to report activity or transactions on Schedule A, Schedule I or Schedule L and that also owes excise tax for any transactions reported on other schedules should complete all applicable schedules, but report in Part I only the tax imposed on the organization.

Note. The organization should not make any entries in Part II.

Line 8

TIP *If the organization has an entry on this line, it must also file Form 8870.*

Enter the total of all premiums paid by the organization on any personal benefit contract if the payment of premiums is in connection with a transfer for which a deduction isn't allowed under section 170(f)(10)(A). Also, if there is an understanding or expectation that any person will directly or indirectly pay any premium on a personal benefit contract for the transferor, include those premium payments in the amount entered on this line.

A personal benefit contract is (to the transferor) any life insurance, annuity, or endowment contract that benefits directly or indirectly the transferor, a member of the transferor's family, or any other person designated by the transferor (other than an organization described in section 170(c)).

For more information, see Notice 2000-24, 2000-17 I.R.B. 952, at IRS.gov/pub/irs-irbs/irb00-17.pdf.

Line 11

Section 664(c)(2) imposes an excise tax on the unrelated business taxable income of a charitable remainder trust. The excise tax is equal to the trust's unrelated business taxable income. Enter the charitable remainder trust's unrelated business taxable income on line 11.

Computation of unrelated business taxable income. Charitable remainder trusts should use Form 990-T to compute their unrelated business taxable income. Complete Form 990-T as follows.

1. Enter the trust's name under "Name of organization" and complete item D (EIN) at the top of page 1.

2. Complete as many Schedules A (Form 990-T) as needed to calculate the trust's unrelated business taxable income. Leave any line that does not apply blank. Complete the applicable parts of each Schedule A, including the business activity code for each Schedule A. Attach forms or other attachments required for a complete Schedule A. However, if Schedule D (Form 1041) is required, don't complete Part V of Schedule D (Form 1041).

3. After all Schedules A have been prepared, complete Form 990-T, Part I only. Don't complete Parts II through V or the signature area of Form 990-T.

4. Enter the amount from Part I, line 11 of Form 990-T on Part I, line 11 of Form 4720.

Part II

Part II is completed by a manager, self-dealer, disqualified person, donor, donor advisor, or related person subject to tax under sections 4912(b), 4941(a), 4944(a)(2), 4945(a)(2), 4955(a)(2), 4958(a), 4965(a)(2), 4966(a)(2), and 4967(a). Enter the name, address, and employer identification number of the foundation or organization with respect to which tax is owed as a manager, self-dealer, disqualified person, donor, donor advisor, or related person, as computed in Schedules A, D, E, F, H, I, J, K, and L.

Note. A related organization that owes section 4960 excise tax on excess executive compensation should report the tax in Part I and should not make entries in Part II.

Line 1. Enter the sum of:

1. Taxes you owe as a self-dealer, from Schedule A, Part II, column (d), and

2. Tax for acts of self-dealing in which you participated as a manager, from Schedule A, Part III, column (d).

Line 2. Enter the tax on investments that jeopardize charitable purpose from Schedule D, Part II, column (d), that you took part in as a foundation manager.

Line 3. Enter the tax on taxable expenditures from Schedule E, Part II, column (d), that you took part in as a foundation manager.

Line 4. Enter the tax on political expenditures from Schedule F, Part II, column (d), that you took part in as an organization or foundation manager.

Line 5. Enter the tax on disqualifying lobbying expenditures from Schedule H, Part II, column (d), that you took part in as an organization manager.

Line 6. Enter the sum of:

1. Taxes you owe as a disqualified person, from Schedule I, Part II, column (d), and

2. Tax on excess benefit transactions in which you as organization manager participated knowing that the transaction was an excess benefit transaction, from Schedule I, Part III, column (d).

Line 7. Enter the tax on you as the entity manager who approved or otherwise caused the entity to be a party to a prohibited tax shelter transaction from Schedule J, Part II, column (d).

Line 8. Enter the tax on taxable distributions from sponsoring organizations maintaining donor advised funds from Schedule K, Part II, column (d), that you took part in as a manager.

Line 9. Enter the sum of:

1. Tax imposed on you as a donor, donor advisor, or related person, from Schedule L, Part II, column (d), and

2. Tax imposed on you as a fund manager who agreed to making of a prohibited benefit distribution from Schedule L, Part III, column (d).

Liability for tax. A person's liability for tax as a manager, self-dealer, disqualified person, donor, donor advisor, or related person, under sections 4912, 4941, 4944, 4945, 4955, 4958, 4966, and 4967 is joint and several. Therefore, if more than one person owes tax on an act as a manager, self-dealer, disqualified person, donor, donor advisor, or related person, they may apportion the tax among themselves. However, when all managers, self-dealers, donors, donor advisors, related persons, or disqualified persons who are liable for tax on a particular transaction under sections 4912, 4941, 4944, 4945, 4955, 4958, 4966, or 4967 pay less than the total tax due on that transaction, then the IRS may charge the amount owed to one or more of them regardless of the tax apportionment shown on this return.

Part III

Line 1. Organizations and related organizations owing tax under section 4960 enter the total tax amount from Part I, line 15. Managers, self-dealers, disqualified persons, donors, donor advisors, or related persons enter the total tax amount from Part II, line 10.

Line 2. List total payments here, including amounts paid on extension with Form 8868. See the discussion on Extensions, earlier, for details on amounts paid with extensions.

Line 3. Enter the tax due on this line. Make check(s) or money order(s) payable to the United States Treasury.

Line 4. This is your refund. Only persons with a legal right to a refund should file a refund request here.

Amounts from Parts I and Part II cannot be combined in Part III.

Schedule A—Initial Taxes on Self-Dealing (Section 4941)

General Instructions

Requirement. All organizations that answered "Yes," to question 1b or 1d in Part VI-B of Form 990-PF, or "Yes," to question 1b or 1c in Part VIII of Form 5227, must complete Schedule A. In addition, a self-dealer or a manager that participated in an act of self-dealing knowing that it was such an act must also complete Schedule A. Complete Parts I, II, and III of Schedule A only in connection with acts that are subject to the tax on self-dealing.

Paying the tax and filing a Form 4720 is required for each year or part of a year in the taxable period that applies to the act of self-dealing. Generally, the taxable period begins with the date on which the self-dealing occurs and ends on the earliest of:

- The date a notice of deficiency is mailed under section 6212, in

connection with the initial tax imposed on the self-dealer,
- The date the initial tax on the self-dealer is assessed, or
- The date any correction of the act of self-dealing is completed.

Self-dealing. Self-dealing includes any direct or indirect:
- Sale, exchange, or leasing of property between a private foundation and a disqualified person (see *definitions* in Form 990-PF instructions),
- Lending of money or other extension of credit between a private foundation and a disqualified person,
- Furnishing of goods, services, or facilities between a private foundation and a disqualified person,
- Payment of compensation (or payment or reimbursement of expenses) by a private foundation to a disqualified person,
- Transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a private foundation, and
- Agreement by a private foundation to make any payment of money or other property to a government official other than an agreement to employ or make a grant to that individual for any period after the end of government service if that individual will be ending government service within a 90-day period.

Exceptions to self-dealing. Go to *IRS.gov Audit Technique Guide Private Foundations* for a description of acts that aren't considered self-dealing.

Initial taxes on self-dealer. An initial tax of 10% of the amount involved is charged for each act of self-dealing between a disqualified person and a private foundation for each year or part of a year in the taxable period. Any disqualified person (other than a foundation manager acting only as such) who takes part in the act of self-dealing must pay the tax.

Initial taxes on foundation managers. When a tax is imposed on a foundation manager for an act of self-dealing, the tax will be 5% of the amount involved in the act of self-dealing for each year or part of a year in the taxable period. However, the total tax imposed for all years in the taxable period is limited to $20,000 for each act of self-dealing. The tax is imposed on any foundation manager who took part in the act knowing that it was self-dealing except those foundation managers whose participation was not willful and was due to reasonable cause.

Specific Instructions

Part I. List each act of self-dealing in Part I. In column (c), for each act of self-dealing in Part I, indicate whether the act has been corrected. For the purposes of a self-dealing transaction described in section 4941, the term "correction" generally means undoing the transaction to the extent possible, but in any case, placing the private foundation in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards.

Answer "Yes," in column (c) if correction has been made in whole or in part. Answer "No," only if the transaction has not been corrected in any way.
- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

Enter in column (e) the number designation from Form 990-PF, Part VI-B question 1a, or Form 5227, Part VIII, question 1a that applies to the act. For example, "1a(1)" or "1a(4)."

Part II. Enter in column (a) the names of all disqualified persons who took part in the acts of self-dealing listed in Part I. If more than one disqualified person took part in an act of self-dealing, each is individually liable for the entire tax in connection with the act. But the disqualified persons who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each disqualified person.

A self-dealer filing Form 4720 should carry the appropriate amount in column (d) to Part II, line 1.

CAUTION *The organization should not carry any amount from column (d) to Part II, line 1.*

Part III. Enter in column (a) the names of all foundation managers who took part in the acts of self-dealing listed in Part I, and who knew that the acts were self-dealing (except for foundation managers whose participation was not willful and was due to reasonable cause).

If more than one foundation manager took part in the act of self-dealing, knowing that it was such an act, and participation was willful and not due to reasonable cause, each is individually liable for the entire tax in connection with the act. But the foundation managers liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each foundation manager.

Carry the total amount in column (d) for each foundation manager to Part II, line 1.

CAUTION *The organization should not carry any amount from column (d) to Part II, line 1.*

Schedule B—Initial Tax on Undistributed Income (Section 4942)

Complete Schedule B if you answered "Yes," to Form 990-PF, Part VI-B, question 2b.

An initial excise tax of 30% is imposed on a private foundation's undistributed income on the first day of the second or any succeeding tax year after the tax year in connection with which income remains undistributed.

Use the 2022 Form 4720 to report the initial tax on undistributed income for tax years beginning in 2021 or earlier that remains undistributed at the end of the foundation's current tax year beginning in 2022. The initial tax won't apply to a private foundation's undistributed income:
- For any tax year it is an operating foundation (as defined in section 4942(j)(3) and related regulations or in section 4942(j)(5)), or
- To the extent it didn't distribute an amount solely because of an incorrect valuation of assets, provided the foundation satisfies the requirements of section 4942(a)(2), or
- For any year for which the initial tax was previously assessed or a notice of deficiency was issued.

Line 3. Undistributed income is corrected by making sufficient qualifying distributions to compensate for deficient qualifying distributions for a prior tax year. You must attach a statement that describes any qualifying distributions made to correct the undistributed income and the date(s) of those distributions were made. If no qualifying distributions have been made to correct the undistributed income, explain why and describe steps you will take to make the necessary qualifying

distributions. If applicable, indicate whether the election under 4942(h) has been made. See Instructions for Form 990-PF, Part XII, lines 4b and 4c.

Schedule C—Initial Tax on Excess Business Holdings (Section 4943)

General Instructions

Private foundations may be subject to an excise tax on the amount of any excess holdings, as described later. For purposes of section 4943, donor advised funds and certain supporting organizations are considered private foundations. For more information on the applicability of Schedule C to such organizations, see *General rules on the permitted holdings of donor advised funds and certain supporting organizations in a business enterprise,* later.

Requirement. If you answered "Yes," to Form 990-PF, Part VI-B, question 3b; Form 990, Part V, question 8; or Form 5227, Part VIII, question 3b, or otherwise had excess business holdings, complete a Schedule C for each business enterprise in which the foundation had excess business holdings for its tax year beginning in 2022.

Taxes. A private foundation that has excess holdings in a business enterprise may become liable for an excise tax based on the amount of holdings. The initial tax is 10% of the value of the excess holdings and is imposed on the last day of each tax year that ends during the taxable period. The excess holdings are determined on the day during the tax year when they were the largest.

If the foundation keeps the excess business holdings after the initial tax has been imposed, the foundation becomes liable for an additional tax of 200% of the remaining excess business holdings unless it disposes of them within the taxable period. However, if the foundation disposes of its excess business holdings during the correction period, the additional tax won't be assessed or, if assessed, will be abated and if collected, will be credited or refunded. For information on the correction period, go to *IRS.gov Audit Technique Guide Private Foundations*.

Business enterprise. In general, this means the active conduct of a trade or business, including any activity regularly conducted to produce income from selling goods or performing services, that is an unrelated trade or business described in section 513.

The term "business enterprise" doesn't include a functionally related business as defined in section 4942(j)(4). In addition, business holdings don't include program-related investments (such as investments in small businesses in economically depressed areas or in corporations to assist in neighborhood renovations) as defined in section 4944(c) and related regulations. Also, business enterprise doesn't include a trade or business at least 95% of the gross income of which comes from passive sources. For more information, go to *IRS.gov Audit Technique Guide Private Foundations*.

Excess business holdings. Excess business holdings is the amount of stock or other interest in a business enterprise that the foundation would have to dispose of to a person other than a disqualified person in order for the foundation's remaining holdings in the enterprise to be permitted holdings (section 4943(c)(1)). Go to *IRS.gov Audit Technique Guide Private Foundations* for more information.

Sole proprietorships. In general, a private foundation can't have any permitted holdings in a business enterprise that is a sole proprietorship. For exceptions, go to *IRS.gov Audit Technique Guide Private Foundations*. For a definition of sole proprietorship, see Regulations section 53.4943-10(e).

Corporate voting stock. This stock entitles a person to vote for the election of directors. Treasury stock and stock that is authorized but unissued isn't voting stock for these purposes. See Regulations sections 53.4943-3(b)(1)(ii) and 53.4943-3(b)(2)(ii).

For a partnership (including a limited partnership) or joint venture, the term "profits interest" should be substituted for "voting stock." For any unincorporated business enterprise that isn't a partnership, joint venture, or sole proprietorship, the term "beneficial interest" should be substituted for "voting stock." See Regulations section 53.4943-3(c).

Nonvoting stock. Corporate equity interests that don't have voting power should be classified as nonvoting stock. Evidences of indebtedness (including convertible indebtedness), warrants, and other options or rights to acquire stock shouldn't be considered equity interests. See Regulations section 53.4943-3(b)(2).

For a partnership (including a limited partnership) or joint venture, the term "capital interest" should be substituted for "nonvoting stock." For any unincorporated business that isn't a partnership, joint venture, or sole proprietorship, references to nonvoting stock don't apply for computation of permitted holdings. See Regulations section 53.4943-3(c)(4).

Attribution of business holdings. In determining the holdings in a business enterprise of either a private foundation or a disqualified person, any stock or other interest owned directly or indirectly by or for a corporation, partnership, estate, or trust is considered owned proportionately by or for its shareholders, partners, or beneficiaries. In general, this rule doesn't apply to certain income interests or remainder interests of a private foundation in a split-interest trust described in section 4947(a)(2). See Regulations section 53.4943-8.

Taxable period. The taxable period begins on the first day the foundation has excess business holdings and ends on the earliest of:

- The mailing date of a notice of deficiency, under section 6212, in connection with the initial tax on excess business holdings related to those holdings,
- The date the excess is eliminated, or
- The date the initial tax on excess business holdings related to those holdings is assessed.

When a notice of deficiency isn't mailed because the restrictions on assessment and collection are waived or because the deficiency is paid, the date of filing the waiver or the date of paying the tax, respectively, will be treated as the end of the taxable period. See Regulations section 53.4943-9.

Exceptions to Tax on Excess Business Holdings

2% de minimis rule. A private foundation won't be treated as having excess business holdings in any enterprise in which it, together with related foundations as described in the instructions for Form 990-PF (under the definition for "disqualified person" in the *General Instructions*), owns not more than 2% of the voting stock and not more than 2% in value of all outstanding shares of all classes of stock.

Disposition of excess business holdings within 90 days. Generally, when a private foundation acquires excess business holdings other than as a result

of purchase by the foundation (such as an acquisition by a disqualified person), the foundation won't be taxed on those excess holdings if it disposes of enough of them so that it no longer has an excess. To avoid the tax, the disposition must take place within 90 days from the date the foundation knew, or had reason to know, of the event that caused it to have excess business holdings. That 90-day period will be extended to include the period during which federal or state securities laws prevent the foundation from disposing of those excess business holdings. See Regulations section 53.4943-2(a).

General rules on the permitted holdings of a private foundation in a business enterprise. No excess business holdings tax is imposed (a) if a private foundation and all disqualified persons together hold no more than 20% of the voting stock of a business enterprise or (b) on nonvoting stock, if all disqualified persons together don't own more than 20% of the voting stock of the business enterprise.

If the private foundation and all disqualified persons together don't own more than 35% of the enterprise's voting stock, and effective control is in one or more persons who aren't disqualified persons in connection with the foundation, then 35% may be substituted for 20% wherever it appears in the preceding paragraph. See sections 4943(c)(2) and 4943(c)(3).

If a private foundation and all disqualified persons together had holdings in a business enterprise of more than 20% of the voting stock on May 26, 1969, substitute that percentage for 20% and for 35% (if the holding is greater than 35%), using the principles of section 4943(c)(4) that apply. However, the percentage substituted can't be more than 50%.

The percentage substituted under the preceding paragraph is (1) subject to reductions and limitations (see sections 4943(c)(4)(A)(ii) and 4943(c)(4)(D)) and (2) applicable, both in connection with the voting stock and, separately, in connection with the value of all outstanding shares of all classes of stock (see section 4943(c)(4)(A)(iii)).

Interests held by a private foundation (other than donor advised funds and supporting organizations) on May 26, 1969. For private foundations, other than donor advised funds and supporting organizations considered to be private foundations for purposes of section 4943, that had business holdings on May 26, 1969 (or holdings acquired by trust or will as described below), that were more than the current limits permit, there are transitional rules that permit the foundation to dispose of the excess over time without being subject to the tax on excess business holdings.

During the first phase, no excess business holdings tax was imposed on a private foundation for interests held since May 26, 1969, if the foundation had excess holdings on that date. The first phase is:

- A 20-year period beginning on May 26, 1969, if on that date the foundation and all disqualified persons held more than a 95% voting interest in the enterprise (the 20-year first phase expired on May 25, 1989);
- A 15-year period beginning on May 26, 1969, if on that date the foundation and all disqualified persons together had more than a 75% voting stock interest (or more than a 75% profits or beneficial interest of any unincorporated enterprise), or more than a 75% interest in the value of all outstanding shares of all classes of stock (or more than a 75% capital interest of a partnership or joint venture) in the enterprise (the 15-year first phase expired on May 25, 1984); and
- A 10-year period beginning on May 26, 1969, in all other cases in which the foundation had excess business holdings on May 26, 1969. The 10-year first phase expired on May 25, 1979.

During the second phase (the 15-year period after the first phase), if the foundation's disqualified persons hold more than 2% of the enterprise's voting stock, the foundation will be liable for tax if the foundation holds more than 25% of the voting stock or if the foundation and its disqualified persons together hold more than 50% of the voting stock.

However, during the second phase, if a foundation's disqualified persons purchase voting stock in a business enterprise after July 18, 1984, causing the combined holdings of the disqualified persons to exceed 2% of the enterprise's voting stock, the foundation has 5 years to reduce its holdings in the enterprise to below its second phase limit before the increase will be treated as held by the foundation. See sections 4943(c)(4)(D) and 4943(c)(6).

The first-phase periods may be suspended pending the outcome of any judicial proceeding the private foundation brings regarding reform or other procedure to excuse it from compliance with its governing instrument or similar instrument in effect on May 26, 1969. See section 4943(c)(4)(C) and Regulations section 53.4943-4.

Holdings acquired by trust or will. Holdings acquired under the terms of a trust that was irrevocable on May 26, 1969, or under the terms of a will executed by that date, are treated as held by the foundation on May 26, 1969, except that the 15- and 10-year periods of the first phase for the holdings start on the date of distribution under the trust or will instead of on May 26, 1969. See section 4943(c)(5) and Regulations section 53.4943-5. See section 4943(d)(1) and Regulations section 53.4943-8 for rules relating to constructive holdings held in a corporation, partnership, estate, or trust for the benefit of the foundation.

Gifts or bequests of business holdings. Except as provided in the exception regarding *Holdings acquired by trust or will* (discussed above), there is a special rule for private foundations that have excess business holdings as a result of a change in holdings after May 26,1969. This rule applies if the change is other than by purchase by the foundation or by disqualified persons (such as through gift or bequest) and the additional holdings result in the foundation having excess business holdings. In that case, the foundation has 5 years to reduce these holdings or those of its disqualified persons to permissible levels to avoid the tax. See section 4943(c)(6) and Regulations section 53.4943-6.

A private foundation that received an unusually large gift or bequest of business holdings after 1969, and that has made a diligent effort to dispose of excess business holdings, may apply for an additional 5-year period to reduce its holdings to permissible levels if certain conditions are met. See section 4943(c)(7).

General rules on the permitted holdings of donor advised funds and certain supporting organizations in a business enterprise. Rules similar to those described above for interests held by private foundations on May 26, 1969, will be applied to determine if donor advised funds or certain supporting organizations with interests as of August 17, 2006, have any excess business holdings. However, the date of August 17, 2006, will be substituted for May 26, 1969.

Donor advised fund. In general, a donor advised fund is a fund or account separately identified by reference to contributions of a donor or donors that is owned and controlled by a sponsoring organization and for which the donor has or expects to have advisory privileges concerning the distribution or investment of the funds. See *Schedule K* for further details.

Sponsoring organization. A sponsoring organization is any section 170(c) organization other than governmental entities (described in section 170(c)(1) and (2)(A)) that isn't a private foundation as defined in section 509(a)(3) that maintains one or more donor advised funds.

Supporting organizations. Only certain supporting organizations are subject to the excess business holdings tax under section 4943. These include (1) Type III supporting organizations that aren't functionally integrated and (2) Type II supporting organizations that accept any gift or contribution from a person who by himself or in connection with a related party controls the supported organization that the Type II supporting organization supports. (See the 2022 Instructions for Schedule A (Form 990), Part I, question 11, for help in determining the type of your supporting organization.)

Readjustments, distributions, or changes in relative value of different classes of stock. See Regulations section 53.4943-4(d)(10) for special rules whereby increases in the percentage of value of holdings in a corporation that result solely from changes in the relative values of different classes of stock won't result in excess business holdings.

See Regulations section 53.4943-6(d) for rules on treatment of increases in holdings due to readjustments, distributions, or redemptions.

See Regulations section 53.4943-7 for special rules for readjustments involving grandfathered holdings.

Exceptions from self-dealing taxes on certain dispositions of excess business holdings. Section 101(l)(2)(B) of the Tax Reform Act of 1969 provides for a limited exception from self-dealing taxes for private foundations that dispose of certain excess business holdings to disqualified persons, as long as the sales price equals or is more than fair market value.

The excess business holdings involved are interests that are subject to the section 4941 transitional rules for May 26, 1969, holdings. These interests would also be subject to the excess business holdings tax if they were not reduced by the required amount.

Specific Instructions

Complete columns (a) and (b) of Schedule C if sections 4943(c)(4), 4943(c)(3) (using the principles of 4943(c)(4)), or 4943(c)(5) apply.

Complete column (a) and column (c) (if applicable) if sections 4943(c)(2) or 4943(c)(3) (using the principles of 4943(c)(2)) apply.

Complete Schedule C for that day during the tax year when the foundation's excess holdings in the enterprise were largest.

Line 1. Enter in column (a) the percentage of voting stock the foundation holds in the business enterprise.

If the foundation is using the rules or principles for determining present holdings under section 4943(c)(4)(A) or (D) (or rules similar to that for donor advised funds and certain supporting organizations), enter in column (b) the percentage of value the foundation holds in all outstanding shares of all classes of stock.

Don't include in either column (a) or (b) stock treated as held by disqualified persons:

- Under section 4943(c)(6) or Regulations sections 53.4943-6 and 53.4943-10(d), or
- During the first phase if the first phase is still in effect (see Regulations sections 53.4943-4(a), (b), and (c)).

Line 2. If the foundation is using the rules or principles for determining present holdings under section 4943(c)(4) (or rules similar to that for donor advised funds and certain supporting organizations), refer to that section and Regulations section 53.4943-4(d) to determine which entries to record in columns (a) and (b). Enter in column (a) the excess of the substituted combined voting level over the disqualified person voting level. Enter in column (b) the excess of the substituted combined value level over the disqualified person value level.

If the foundation is using the rules or principles for determining permitted holdings under section 4943(c)(2), refer to that section to determine which entries to record in column (a). Enter in column (a) the percentage, using the general rule (section 4943(c)(2)(A)) or the 35% rule (see section 4943(c)(2)(B)), if applicable, of permitted holdings the foundation may have in the enterprise's voting stock. If the foundation determines the permitted holdings under section 4943(c)(2)(B), attach a statement showing effective control by a third party.

Line 3. Enter the value of any stock, interest, etc., in the business enterprise that the foundation is required to dispose of so the foundation's holdings in the enterprise are permitted. See section 4943 and related regulations.

A private foundation using the section 4943(c)(4) rules, or a donor advised fund or supporting organization using rules similar to that, has excess holdings if line 1 is more than line 2 in either column (a) or column (b). Don't include in column (b) the value of any voting stock included in column (a).

A private foundation using the section 4943(c)(2) rules has excess holdings if line 1 is more than line 2 in column (a) or if the private foundation holds nonvoting stock and all disqualified persons together own more than 20% (or 35%, if applicable) of the enterprise's voting stock, interest, etc. In the latter case, enter in column (c) the value of all nonvoting stock the foundation holds.

Line 4. Enter the value of excess holdings disposed of under the 90-day rule in Regulations section 53.4943-2(a)(1)(ii). If other conditions preclude imposition of tax on excess business holdings, include the value of the nontaxable amount on this line and check the appropriate boxes on the statement page attached to the electronic version of Form 4720. Organizations not required to file electronically may attach an explanation.

Line 5. Compute the excess holdings in a business enterprise subject to tax.

Line 8. Excess business holdings are corrected by taking action as needed such that the foundation no longer has excess business holdings in a business enterprise. Answer "Yes," if the excess business holdings have been corrected in whole or in part.

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why

correction hasn't been made and what steps are being taken to make the correction.

Schedule D—Initial Taxes on Investments That Jeopardize Charitable Purpose (Section 4944)

General Instructions

Requirement. Complete Schedule D if you answered "Yes," to Form 990-PF, Part VI-B, question 4a or b; or Form 5227, Part VIII, question 4a or b. Each manager of the organization or trust that answered "Yes," to Form 990-PF, Part VI-B, question 4a or b; or Form 5227, Part VIII, question 4a or b and who took part in making the investment also should complete Schedule D. Report each investment separately. Paying tax and filing a Form 4720 are required for each year or part of a year in the taxable period that applies to the investments that jeopardize the foundation's charitable purpose. Generally, the taxable period begins with the date of the investment and ends with the date corrective action is completed, a notice of deficiency is mailed, or the initial tax is assessed, whichever comes first. Therefore, in addition to investments made in 2022, include all investments subject to tax that were made before 2022 if those investments were not removed from jeopardy before 2022 and the initial tax was not assessed before 2022.

Taxable investments. An investment to be taxed on this schedule is an investment by a private foundation that jeopardizes the carrying out of its exempt purposes (for example, if it is determined that the foundation managers, in making the investment, didn't exercise ordinary business care and prudence, under prevailing facts and circumstances, in providing for the long- and short-term financial needs of the foundation to carry out its exempt purposes). See Regulations section 53.4944-1(a)(2). An investment isn't taxed on this schedule if it is a program-related investment; that is, one whose primary purpose is one or more of those described in section 170(c)(2)(B) (religious, charitable, educational, etc.). A significant purpose of such an investment can't be the production of income or the appreciation of property. See section 4944(c) and Regulations section 53.4944-3.

Initial taxes on foundation. The initial tax is 10% of the amount invested for each year or part of a year in the taxable period.

Initial taxes on foundation managers. When a tax is imposed on an investment that jeopardizes the charitable purpose of the foundation, the tax will be 10% of the investment for each year or part of a year in the taxable period, up to $10,000 for any one investment. It is imposed on all foundation managers who took part in the act, knowing that it was such an act, except for foundation managers whose participation was not willful and was due to reasonable cause. Any foundation manager who took part in making the investment must pay the tax.

Specific Instructions

Part I. Complete this part for all taxable investments. Investments that jeopardize the carrying out of the foundation's exempt purpose are corrected by selling or otherwise disposing of the investment, and holding the proceeds of such sale or other disposition in investments that do not jeopardize the carrying out of the foundation's exempt purpose. In column (c), for each act of investment listed in Part I, indicate whether the investment has been corrected. Answer "Yes," if correction has been made in whole or in part. Answer "No," only if the investment has not been corrected in any way.

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

Part II. Enter in column (a) the names of all foundation managers who took part in making the investments listed in Part I. See *Initial taxes on foundation managers*, earlier.

If more than one foundation manager is listed in column (a), each is individually liable for the entire amount of tax in connection with the investment. However, the foundation managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each foundation manager will pay.

A foundation manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 2.

Schedule E—Initial Taxes on Taxable Expenditures (Section 4945)

General Instructions

Requirement. Complete Schedule E if you answered "Yes," to Form 990-PF, Part VI-B, question 5b, or Form 5227, Part VIII, question 5b. Complete Parts I and II of Schedule E only for expenditures that are subject to tax.

Note. Also, see *Schedule F, Initial Taxes on Political Expenditures.*

Taxable expenditures. With certain exceptions, this means any amount a private foundation pays or incurs:

1. To carry on propaganda or otherwise influence any legislation through:

   a. An attempt to influence general public opinion or any segment of it, and

   b. Communication with any member or employee of a legislative body, or with any other government official or employee who may take part in formulating legislation;

2. To influence the outcome of any specific public election, or to conduct, directly or indirectly, any voter registration drive;

3. As a grant to an individual for travel, study, or other purposes;

4. As a grant to an organization not described in section 509(a)(1), (2), or (3) or that isn't an exempt operating foundation (as defined in section 4940(d)(2)). This includes grants to:

   a. Type I, Type II, and Type III functionally integrated supporting organizations (as described in section 4942(g)(4)(B) and (C)) if a disqualified person of the foundation controls such supporting organization or the supported organizations of such supporting organizations, and

   b. Type III supporting organizations (as described in section 4943(f)(5)(A)) that aren't functionally integrated with their supported organizations; or

5. For any purpose other than religious, charitable, scientific, literary, educational, or public purposes, or the prevention of cruelty to children or animals.

Exceptions. Section 4945(d)(4)(B) provides an exception to taxable expenditures that applies to certain grants to organizations when the granting foundation exercises expenditure responsibility described in

section 4945(h). Additional information on special rules and exceptions to the definition of taxable expenditures given above can be found at *IRS.gov Audit Technique Guide Private Foundations*.

Initial tax on foundation. An initial tax of 20% is imposed on each taxable expenditure of the foundation.

Initial tax on foundation managers. When a tax is imposed on a taxable expenditure of the foundation, a tax of 5% of the expenditure will be imposed on any foundation manager who agreed to the expenditure and who knew that it was a taxable expenditure. Foundation managers whose participation was not willful and was due to reasonable cause aren't liable for the tax. Any foundation manager who took part in the expenditure and is liable for the tax must pay the tax. The maximum total amount of tax on all foundation managers for any one taxable expenditure is $10,000. If more than one foundation manager is liable for tax on a taxable expenditure, all those foundation managers are jointly and severally liable for the tax.

Specific Instructions

Part I. Complete this part for all taxable expenditures. Enter in column (f) the number designation from Form 990-PF, Part VI-B, question 5a, or Form 5227, Part VIII, line 5 that applies to the act; for example, "5a(1).

A taxable expenditure is corrected by (a) recovering part or all of the expenditure to the extent recovery is possible, and where full recovery isn't possible, such additional corrective action as is prescribed by regulations, or (b) if the taxable expenditure is due to failure to comply with requirements described in section 4945(h)(2) or (3) (expenditure responsibility), obtaining or making the report in question. In column (d), for each act of taxable expenditure listed in Part I, indicate whether the investment has been corrected. Answer "Yes," if correction has been made in whole or in part. Answer only "No," if the taxable expenditure has not been corrected in any way.

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

Part II. Enter in column (a) the names of all foundation managers who agreed to make the taxable expenditure. See *Initial tax on foundation managers*, earlier. If more than one foundation manager is listed in column (a), each is individually liable for the entire tax in connection with the expenditure. However, the foundation managers who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each foundation manager will pay.

A foundation manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 3.

Schedule F—Initial Taxes on Political Expenditures (Section 4955)

General Instructions

Requirement. Complete Schedule F if you answered "Yes," to question 5a(2) and 5b of Form 990-PF, Part VI-B. Complete Schedule F if you entered an amount on line 2 of Schedule C (Form 990), Part I-A. Complete Schedule F if you are otherwise a section 501(c)(3) organization that made a political expenditure.

Political expenditures. These include any amount paid or incurred by a section 501(c)(3) organization that participates or intervenes in (including the publication or distribution of statements) any political campaign on behalf of, or in opposition to, any candidate for public office. The tax is imposed even if the political expenditure gives rise to a revocation of the organization's section 501(c)(3) status.

These taxes apply in the case of both public charities and private foundations. When tax is imposed under this provision in the case of a private foundation, however, the expenditure in question won't be treated as a taxable expenditure under section 4945.

For an organization formed primarily to promote the candidacy or prospective candidacy of an individual for public office (or that is effectively controlled by a candidate or prospective candidate and is used primarily for such purposes), amounts paid or incurred for any of the following purposes are deemed political expenditures:

- Remuneration to the candidate or prospective candidate for speeches or other services;
- Travel expenses of the individual;
- Expenses of conducting polls, surveys, or other studies, or preparing papers or other material for use by the individual;
- Expenses of advertising, publicity, and fundraising for such individual; and
- Any other expense which has the primary effect of promoting public recognition or otherwise primarily accruing to the benefit of the individual.

Initial tax on organization or foundation. The initial tax on the organization or foundation is 10% of the amount involved.

Initial tax on organization managers or foundation managers. An initial tax of 2.5% of the amount involved (up to $5,000 of tax on any one expenditure) is imposed on any manager who agrees to an expenditure, knowing that it is a political expenditure, unless the agreement isn't willful and is due to reasonable cause.

Any manager who agreed to the expenditure must pay the tax.

Specific Instructions

Part I. Complete this part for all political expenditures. A political expenditure described in section 4955 is corrected by recovering part or all of the expenditure to the extent recovery is possible, establishment of safeguards to prevent future political expenditures, and where full recovery isn't possible, such additional corrective action as is prescribed by the regulations. In column (d), for each act of political expenditure listed in Part I, indicate whether the investment has been corrected. Answer "Yes," if correction has been made in whole or in part. Answer "No," only if the political expenditure has not been corrected in any way.

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

Part II. Enter in column (a) the names of all managers who took part in making the political expenditures listed in Part I. See *Initial tax on organization managers or foundation managers*, earlier.

If more than one manager is listed in column (a), each is individually liable for the entire amount of tax on the expenditure. However, the managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each manager will pay.

An organization manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 4.

Schedule G—Tax on Excess Lobbying Expenditures (Section 4911)

Requirement. Schedule G must be completed by eligible section 501(c)(3) organizations that elected to be subject to the limitations on lobbying expenditures under section 501(h) and that made excess lobbying expenditures as defined in section 4911(b).

Except as noted below, follow the line instructions on Schedule G.

Affiliated groups. Two or more organizations are members of an affiliated group of organizations for the purposes of section 4911 only if:

- The governing instrument of one organization requires it to be bound by decisions of the other organization on legislative issues; or
- The governing board of one organization includes persons who are specifically designated representatives of another such organization or are members of the government, officers or paid executive staff members of such other organization, and who, by aggregating their votes, hold sufficient voting power to cause or prevent action on legislative activities by the first organization. See section 4911(f) and Regulations section 56.4911-7.

A nonelecting member of an affiliated group doesn't file Form 4720.

Electing members of an affiliated group may file a group return or may file separately. An electing member of an affiliated group that files a separate return, should enter on line 1 the amount from Schedule C (Form 990), Part II-A, column (a), line 1h. Enter on line 2 the amount from Schedule C (Form 990), Part II-A, column (a), line 1i.

An electing member of an affiliated group that is included in a group return, should enter on line 1 its share of the excess grass root lobbying expenditures of the affiliated group, and on line 2 its share of the excess lobbying expenditures of the affiliated group. Take these amounts from the schedule of excess lobbying expenditures that must be attached to Schedule C (Form 990). See the instructions for Schedule C (Form 990), Part II-A, for a discussion of the lobbying provisions, including how to figure the taxable amount.

Schedule H—Taxes on Disqualifying Lobbying Expenditures (Section 4912)

General Instructions

Requirement. Schedule H must be completed by certain organizations whose section 501(c)(3) status is revoked because of excess lobbying activities.

Exceptions. These taxes aren't imposed on a private foundation (whose lobbying expenditures may be subject to the tax on taxable expenditures). These taxes also aren't imposed on any organization for which a section 501(h) election was in effect at the time of the lobbying expenditures or that was not eligible to make a section 501(h) election.

Tax on organization. A tax of 5% of the lobbying expenditures is imposed on the organization whose section 501(c)(3) status is revoked because of excess lobbying activities.

Tax on organization managers. A tax of 5% of the lobbying expenditures is also imposed on any manager who willfully and without reasonable cause consented to the lobbying expenditures, knowing that they would likely result in the organization no longer qualifying under section 501(c)(3).

There is no limit on the amount of this tax that may be imposed against either the organization or its managers. Any organization manager who agreed to the expenditure must pay the tax.

Specific Instructions

Part I. Complete this part for all disqualifying lobbying expenditures.

Part II. Enter in column (a) the names of all organization managers who took part in making disqualifying lobbying expenditures listed in Part I. See *Tax on organization managers*, earlier.

If more than one organization manager is listed in column (a), each is individually liable for the entire amount of tax in connection with the expenditure. However, the managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each manager will pay.

A manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 5.

Schedule I—Initial Taxes on Excess Benefit Transactions (Section 4958)

General Instructions

Requirement. Schedule I must be completed by any **Applicable organization** or **Disqualified person** that engaged in an **Excess benefit** transaction, and by any fund manager who knowingly participated in the excess benefit transaction. These terms are discussed below. Each person must file separately.

Applicable organization. In general, an applicable organization is any section 501(c)(3) (except a private foundation), 501(c)(4), or 501(c)(29) organization.

Also, an applicable organization includes any organization that was a section 501(c)(3) (except a private foundation), 501(c)(4), or 501(c)(29) organization at any time during a five-year period ending on the date of an excess benefit transaction (the lookback period).

Initial taxes. Excise taxes are imposed under section 4958 on each excess benefit transaction. If a manager receives an excess benefit from an excess benefit transaction, the manager may be liable for the tax on disqualified persons and the tax on the organization manager. The applicable organization must complete Schedule I. However, the excise tax under section 4958 is imposed on the disqualified person. The organization completing Schedule I should not report the initial tax amount on Part II and should not pay the tax liability of any disqualified person or organization manager. See *Abatement,* earlier, for information on abatement, refund, or relief from this tax.

Tax on disqualified persons. The tax is 25% of the excess benefit and is paid by any disqualified person who improperly benefited from the excess benefit transaction.

Tax on organization managers. When tax is imposed on a disqualified person for any excess benefit transaction, then tax is also imposed on any manager who knowingly participated in the excess benefit transaction. The tax is 10% of the excess benefit, not to exceed $20,000 for each transaction.

Taxable period. Taxable period means the period beginning with the date on which the excess benefit transaction occurs and ending on the earlier of:

1. The date a notice of deficiency was mailed to the disqualified person for the initial tax on the excess benefit transaction, or

2. The date on which the initial tax on the excess benefit transaction for the disqualified person is assessed.

Excess benefit transaction. An excess benefit transaction is any transaction in which:

1. An excess benefit is provided by the organization, directly or indirectly to, or for the use of, any disqualified person, or

2. The amount of any economic benefit provided to, or for the use of, a disqualified person is determined in whole or in part by the revenues of the organization and violates the private inurement prohibition rules (to the extent provided in regulations).

Until final regulations are issued regarding the special rules for revenue sharing transactions described in 2 above, these transactions will only be subject to section 4958 liability under the general rule described in 1 above.

Supporting organization transactions occurring after July 25, 2006. For any supporting organization, as defined in section 509(a)(3), any grant, loan, compensation, or other similar payment provided to a substantial contributor (defined later), family member, or 35% controlled entity will be considered an excess benefit transaction. The amount of the excess benefit is the amount of such grant, loan, compensation, or other similar payment. Also, any loan provided to a disqualified person that isn't an organization described in section 509(a)(1), (2), or (4) or a supported organization of the supporting organization exempt under section 501(c)(4), (5), (6) and described in the last sentence of section 509(a) is considered an excess benefit transaction.

Donor advised fund transactions occurring after August 17, 2006. Any grant, loan, compensation, or other similar payment from any donor advised fund to a donor, donor advisor, family member, or 35% controlled entity is an excess benefit transaction. The amount of the excess benefit is the amount of such grant, loan, compensation, or other similar payment.

Excess benefit. Excess benefit means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person, except in the immediately preceding special rules where the entire amount of the grant, loan, compensation, or other similar payment is considered the excess benefit.

However, an economic benefit won't be treated as compensation for services unless the applicable organization clearly indicates its intent to treat the economic benefit (when paid) as compensation for a disqualified person's services. See Regulations section 53.4958-4(c) for more information.

Exception. Generally, section 4958 doesn't apply to any fixed payment made to a person under an initial contract. See Regulations section 53.4958-4(a)(3) for details.

Special rule. The initial and additional taxes of this section don't apply if the transaction described in 1 under *Excess benefit transaction* was pursuant to a written contract in effect on September 13, 1995, and at all times after that date until the time that the transaction occurs.

However, if a written contract is materially modified, it is treated as a new contract entered into as of the date of the material modification. A material modification includes amending the contract to extend its term or to increase the compensation payable to a disqualified person.

Disqualified person. For purposes of this Schedule I, a disqualified person means:

1. Any person (at any time during the 5-year period ending on the date of the transaction) in a position to exercise substantial influence over the affairs of the organization,

2. A family member of an individual described in 1 above, and

3. A 35% controlled entity of a person described in 1 or 2 above.

Family members. Family members of a disqualified person described in 1 above include a disqualified person's spouse, ancestors, children, grandchildren, great grandchildren, and brothers and sisters (whether by whole- or half-blood). It also includes the spouse of the children, grandchildren, great grandchildren, brothers, or sisters (whether by whole- or half-blood).

35% controlled entity. The term 35% controlled entity means:

- A corporation in which a disqualified person described in 1 or 2 above owns more than 35% of the total combined voting power,
- A partnership in which such persons own more than 35% of the profits interest, or
- A trust or estate in which such persons own more than 35% of the beneficial interest.

In determining the holdings of a business enterprise, any stock or other interest owned directly or indirectly shall apply.

For donor advised funds, sponsoring organizations, and certain supporting organization transactions occurring after August 17, 2006. The following persons will be considered disqualified persons along with certain family members and 35% controlled entities associated with them:

- Donors of donor advised funds,
- Donor advisors of donor advised funds,
- Investment advisors of sponsoring organizations, and
- Disqualified persons of a section 509(a)(3) supporting organization for the organizations that organization supports.

For certain supporting organization transactions occurring after July 25, 2006. Substantial contributors to supporting organizations will also be considered disqualified persons along with their family members and 35% controlled entities.

Donor advised fund. See the *Schedule K* instructions for a definition of donor advised fund.

Investment advisor. Investment advisor means for any sponsoring organization, any person compensated by such organization (but not an employee of such organization) for managing the investment of, or providing investment advice for assets

maintained in donor advised funds maintained by such sponsoring organization.

Sponsoring organization. See the *Schedule K* instructions for a definition of sponsoring organization.

Substantial contributor. In general, a substantial contributor means any person who contributed or bequeathed an aggregate of more than $5,000 to the organization, if that amount is more than 2% of the total contributions and bequests received by the organization before the end of the tax year of the organization in which the contribution or bequest is received by the organization from such person. A substantial contributor includes the grantor of a trust.

Specific Instructions

Part I. List each excess benefit transaction in Part I, column (d). Enter the date of the transaction in column (b) and the amount of the excess benefit in column (e). Compute the tax on the excess benefit for disqualified persons and enter it in column (f). Compute any tax on the excess benefit for organization managers and enter the amount in column (g). The organization reporting one or more excess benefit transactions should not carry totals from column (f) or column (g) to Part II, line 6.

An excess benefit transaction is corrected by undoing the excess benefit to the extent possible and taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be if the disqualified person had been dealing under the highest fiduciary standards. In column (c), for each act of excess benefit transaction in Part I, indicate whether the act has been corrected. Answer "Yes," if correction has been made in whole or in part. Answer "No," only if the transaction has not been corrected in any way.

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

For organization managers, the tax is the lesser of 10% of the excess benefit or $20,000. This tax is computed on each transaction.

Part II. Enter in column (a) the names of all disqualified persons who took part in the excess benefit transactions. If more than one disqualified person took part in an excess benefit transaction, each is individually liable for the entire tax on the transaction. But the disqualified persons who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each disqualified person.

Carry the total amount in column (d) for each disqualified person to Part II, line 6.

Part III. Enter in column (a) the names of all managers who knowingly took part in the excess benefit transactions listed in Part I. If more than one manager knowingly took part in an excess benefit transaction, each is individually liable for the entire tax in connection with the transaction. But the managers liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each organization manager.

A manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 6.

Schedule J—Taxes on Being a Party to Prohibited Tax Shelter Transactions (Section 4965)

General Instructions

Requirement.

1. Complete Schedule J if you are an entity described in section 501(c), 501(d), or 170(c) (other than the United States) or an Indian tribal government (within the meaning of section 7701(a)(40)) and you received proceeds from or have net income attributable to a prohibited tax shelter transaction (PTST).

2. Complete Schedule J if you are an entity manager of such an entity who approved the entity as (or otherwise caused the entity to be) a party to a PTST at any time during the tax year and who knew (or had reason to know) that the transaction is a PTST.

See the following guidance and any future guidance for details.

- Notice 2006-65, 2006-31 I.R.B. 102;
- Notice 2007-18, 2007-9 I.R.B. 608;
- T.D. 9334, 2007-34 I.R.B. 382; and
- T.D. 9492, 2010-33 I.R.B. 242.

TIP *Managers of tax favored retirement plans, individual retirement arrangements, and savings arrangements described in sections 401(a), 403(a), 403(b), 529, 457(b), 408(a), 220(d), 408(b), 530, or 223(d) must report and pay tax due under section 4965(a)(2) on Form 5330.*

Prohibited tax shelter transaction. In general, a prohibited tax shelter transaction means any listed transaction (including a subsequently listed transaction) and any prohibited reportable transaction.

Listed transaction. A listed transaction includes any transaction that is the same as or substantially similar to one of the types of transactions that the IRS has determined to be a tax avoidance transaction. These transactions are identified by notice, regulation, or other form of published guidance as a listed transaction. For existing guidance, see Notice 2009-59, 2009-31 I.R.B. 170.

For updates to this list, go to the IRS website at *IRS.gov/businesses/corporations/abusive-tax-shelters-and-transactions*. The listed transactions in the above notices and rulings will also be periodically updated in future issues of the Internal Revenue Bulletin.

Subsequently listed transaction. A subsequently listed transaction is a transaction that is identified in published guidance as a listed transaction after the entity has entered into the transaction and that was not a confidential transaction or transaction with contractual protection at the time the entity entered into the transaction.

Prohibited reportable transaction. A prohibited reportable transaction is any confidential transaction or any transaction with contractual protection that is a reportable transaction. See Regulations sections 1.6011-4(b)(3) and (4), and the Instructions for Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, for more information.

Allocation of net income and proceeds to a tax year. The net income and proceeds attributable to a prohibited tax shelter transaction must be allocated to a particular tax year in a manner consistent with the entity's established method of accounting for federal income tax purposes. If an entity hasn't established a method of accounting for federal income tax purposes, the entity must use the cash receipts and disbursements method to

determine the amount and timing of net income and proceeds attributable to a prohibited tax shelter transaction.

If an entity has an established method of accounting other than the cash method, the entity may use the cash method to determine the amount of the net income and proceeds attributable to a prohibited tax shelter transaction.

Specific Instructions

Part I. Complete this part for each transaction if during the tax year the entity received proceeds from or has net income attributable to a PTST.

Figure the tax for each transaction as follows.

- If column (e) was answered "Yes," then enter the larger of the column (f) or column (g) amount in column (h).
- If column (e) was answered "No," then multiply the larger of the amount in column (f) or column (g) by 21% (0.21) and enter the result in column (h).

After the tax has been figured for all PTSTs entered on Schedule J, then total column (h) and enter the amount on the Total line and on line 9 of Part I.

Part II. Enter in column (a) the names of all entity managers who approved the entity as (or otherwise caused the entity to be) a party to a PTST at any time during the tax year and who knew or had reason to know that the transaction is a PTST.

A manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 7.

Schedule K—Taxes on Taxable Distributions of Sponsoring Organizations Maintaining Donor Advised Funds (Section 4966)

General Instructions

Requirement. Complete Schedule K if you answered "Yes," to question 9a in Part V of Form 990, or if you are a fund manager of a sponsoring organization who agreed to the making of a taxable distribution knowing that it was a taxable distribution. Report each taxable distribution separately. These terms are discussed below.

Taxable distribution. A taxable distribution is any distribution from a donor advised fund to any natural person or to any other person if:

1. The distribution is for any purpose other than one specified in section 170(c)(2)(B), or

2. The sponsoring organization maintaining the donor advised fund doesn't exercise expenditure responsibility with respect to such distribution in accordance with section 4945(h).

However, a taxable distribution doesn't include a distribution from a donor advised fund to:

1. Any organization described in section 170(b)(1)(A) (other than a disqualified supporting organization),

2. The sponsoring organization of such donor advised fund, or

3. Any other donor advised fund.

Sponsoring organization. A sponsoring organization is a section 170(c) organization that isn't a government organization (as referred to in section 170(c)(1) and (2)(A)) or a private foundation and maintains one or more donor advised funds.

Donor advised fund. A donor advised fund is a fund or account:

1. Which is separately identified by reference to contributions of a donor or donors,

2. Which is owned and controlled by a sponsoring organization, and

3. For which the donor (or any person appointed or designated by the donor) has or expects to have advisory privileges concerning the distribution or investment of the funds held in the donor advised funds or accounts because of the donor's status as a donor.

Exception. A donor advised fund doesn't include:

1. A fund or account that makes distributions only to a single identified organization or governmental entity, or

2. Any fund or account with respect to which a donor or donor advisor (as defined in the Schedule L instructions) gives advice about which individuals receive grants for travel, study, or similar purposes, if:

a. Such person's advisory privileges are performed exclusively by such person in their capacity as a committee member of which all the committee members are appointed by the sponsoring organization,

b. No combination of donors, donor advisors, or persons related (as defined in the Schedule L instructions) to donors or donor advisors, directly or indirectly control the committee, and

c. All grants from the fund or account are awarded on an objective and nondiscriminatory basis according to a procedure approved in advance by the board of directors of the sponsoring organization. The procedure must be designed to ensure that all grants meet the requirements of section 4945(g)(1), (2), or (3).

Tax on sponsoring organization. A tax of 20% of the amount of each taxable distribution is imposed on the sponsoring organization.

Tax on fund manager. If a tax is imposed on a taxable distribution of the sponsoring organization, a tax of 5% of the distribution will be imposed on any fund manager who agreed to the distribution knowing that it was a taxable distribution. Any fund manager who took part in the distribution and is liable for the tax must pay the tax. The maximum amount of tax on all fund managers for any one taxable distribution is $10,000. If more than one fund manager is liable for tax on a taxable distribution, all such managers are jointly and severally liable for the tax.

Specific Instructions

Part I. Complete this part for all taxable distributions.

Part II. Enter in column (a) the names of all fund managers who agreed to make the taxable distribution. If more than one fund manager is listed in column (a) for one distribution, each is individually liable for the entire tax in connection with that distribution. However, the fund managers who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each manager will pay for each distribution for which such manager owes a tax.

A fund manager filing this Form 4720 should carry the apportioned amount in column (d) to Part II, line 8.

Schedule L—Taxes on Prohibited Benefits Distributed From Donor Advised Funds (Section 4967)

General Instructions

Requirement. A sponsoring organization of donor advised funds that answered "Yes," to Form 990, Part V, line 9b, or that otherwise distributed

prohibited benefits under section 4967, must complete Schedule L. In addition, a donor, donor advisor, or related party that (1) advised a distribution that provided a prohibited benefit under section 4967 or (2) that received such a benefit, and any fund manager who agreed to the distribution knowing that it would confer a prohibited benefit, must complete Schedule L. Report each distribution separately. Complete Parts I, II, and III of Schedule L only in connection with distributions made by a sponsoring organization from a donor advised fund which results in a prohibited benefit. (See instructions to Schedule K for definitions of the terms sponsoring organization and donor advised fund). An organization reporting a prohibited benefit on Schedule L is not liable for the tax and should not report any tax amount on Part II, line 9.

Prohibited benefit. If any donor, donor advisor, or related party advises the sponsoring organization about making a distribution which results in a donor, donor advisor, or related party receiving (either directly or indirectly) a more than incidental benefit, then such benefit is a prohibited benefit.

Donor advisor. A donor advisor is any person appointed or designated by a donor to advise a sponsoring organization on the distribution or investment of amounts held in the donor's fund or account.

Related party. A related party includes any family member or 35% controlled entity. See the *General Instructions for Schedule I* for a definition of those terms.

Tax on donor, donor advisor, or related person. A tax of 125% of the benefit resulting from the distribution is imposed on both the party who advised as to the distribution (which might be a donor, donor advisor, or related party) and the party who received such benefit (which might be a donor, donor advisor, or related party). The advisor and the party who received the benefit are jointly and severally liable for the tax.

Tax on fund managers. If a tax is imposed on a prohibited benefit received by a donor, donor advisor, or related person, a tax of 10% of the amount of the prohibited benefit is imposed on any fund manager who agreed to the distribution knowing that it would confer a prohibited benefit. Any fund manager who took part in the distribution and is liable for the tax must pay the tax. The maximum amount of tax on all fund managers for any one taxable distribution is $10,000. If more than one fund manager is liable for tax on a taxable distribution, all such managers are jointly and severally liable for the tax.

Exception. If a tax is imposed under section 4958 for the same transaction, then no additional tax is imposed under section 4967 on that transaction.

Specific Instructions

Part I. Complete this part for all prohibited benefits.

Part II. Enter in column (a) the names of all donors, donor advisors, and related persons who received a prohibited benefit or advised as to the distribution of such benefit. If more than one donor, donor advisor, or related person is listed in column (a) for one distribution, each is individually liable for the entire tax for that distribution. However, the donors, donor advisors, or related persons who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each donor, donor advisor, or related person will pay for each distribution for which such donor, donor advisor, or related person owes a tax.

A donor, donor advisor, or related person filing this Form 4720 should carry the apportioned amount in Schedule L, Part II, column (d) to Part II, line 9.

Part III. Enter in column (a) the names of all fund managers who agreed to make the distribution conferring the prohibited benefit. If more than one fund manager is listed in column (a) for one distribution, each is individually liable for the entire tax for that distribution. However, the fund managers who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each donor advisor, or related person will pay for each distribution for which such donor, donor advisor, or related person owes a tax.

A fund manager filing this Form 4720 should carry the total amount in Schedule L, Part III, column (d) to Part II, line 9.

Schedule M—Tax on Hospital Organization for Failure to Meet the Community Health Needs Assessment Requirements (Sections 4959 and 501(r)(3))

General Instructions

Requirements. Section 4959 imposes an excise tax on hospital organizations that fail to meet the section 501(r)(3) requirements in any tax year.

Section 501(r)(3) requirements pertain to a hospital organization conducting a community health needs assessment (CHNA). The requirements, which apply separately to each hospital facility the hospital organization operates, are as follows.

1. To conduct a CHNA this tax year, or in either of the two prior tax years. The CHNA must take into account input from persons who represent the broad interests of the community served by the hospital facility, including people with special knowledge of or expertise in public health. The CHNA must be made widely available to the public.

2. To adopt an implementation strategy to meet the community health needs identified through the CHNA.

See Notice 2011-52, 2011-30 I.R.B. 60; Final Regulations, T.D. 9708, 79 Fed. Reg. 78954 (Dec. 31, 2014), 2012-32 I.R.B. 126; Notice 2014-2, 2014-3 I.R.B. 407; Notice 2014-3, 2014-3 I.R.B. 408; as well as any future related guidance for details. For additional information on the CHNA requirements, see Schedule H (Form 990), *Hospitals,* Part V, Section B.

Specific Instructions

Part I. For each hospital facility, list the following information in the relevant column: (b) name of facility, (c) description of the failure to meet section 501(r)(3), (d) tax year hospital facility last conducted a CHNA, and (e) tax year hospital facility last adopted an implementation strategy.

Part II. On line 1 enter the number of hospital facilities operated by the hospital organization that failed to meet the CHNA requirements of section 501(r)(3). Enter $50,000 multiplied by line 1 on line 2 and on Part I, line 12. This is the CHNA excise tax under section 4959.

Schedule N—Tax on Excess Executive Compensation (Section 4960)

General Instructions

Requirement. Complete Schedule N if you answered "Yes" to question 15 in Part V of Form 990, question 8 of Part VI-B of Form 990-PF, or if you are an ATEO (as defined earlier) or a related organization but only if you are liable for the tax under section 4960(a). Section 4960(a) imposes an excise tax of 21% on the amount of remuneration paid by an ATEO with respect to employment of any covered employee in excess of $1 million and on any excess parachute payment paid by such organization to any covered employee.

Note. You may be required to file 2 Form 4720 returns if you are a related organization liable for the tax under section 4960(a), which is reported on Part I, line 13, **and** you are a disqualified person or organization manager of the organization with respect to which you are a related organization and you are liable for a Chapter 41 or 42 excise tax as a disqualified person or organization manager, which is reported on Part II. See the instructions for Page 1, Question B, earlier.

TIP *Form 4720, Schedule N, is used to report and pay any section 4960 tax owed. Because there is no requirement to make estimated tax payments for the section 4960 tax, Form 990-W does not apply to the section 4960 tax.*

Covered employee. A covered employee means any employee of an ATEO (including any former employee) that is one of the ATEO's five highest compensated employees for the tax year or was the ATEO's (or a predecessor's) covered employee for any preceding tax year beginning after 2016.

Remuneration. Remuneration means wages (as defined in section 3401(a)). Remuneration also includes amounts required to be included in gross income under section 457(f). Remuneration shall be treated as paid when there is no substantial risk of forfeiture (within the meaning of section 457(f)(3)(B)) of the rights to such remuneration.

Remuneration exceptions. For purposes of this provision, remuneration does not include:

- Designated Roth contributions (as defined in section 402A(c)),
- The portion of any remuneration paid to a licensed medical professional (including a veterinarian) which is for the performance of medical or veterinary services by such professional, or
- Remuneration the deduction for which is not allowed by reason of section 162(m).

Remuneration from related organizations. Remuneration of a covered employee by an ATEO includes any remuneration paid with respect to employment of such employee by any related person or governmental entity, whether taxable or tax-exempt.

For this purpose, a person or governmental entity is related to an ATEO if it:

- Controls, or is controlled by, the ATEO;
- Is controlled by one or more persons who control the ATEO;
- Is a supported organization (as defined in section 509(f)(3)) or supporting organization (as defined in section 509(a)(3)) with respect to the ATEO during the taxable year; or
- In the case of an ATEO that is a section 501(c)(9) voluntary employees' beneficiary association (VEBA), establishes, maintains, or makes contributions to the ATEO.

Liability for tax in case of remuneration from more than one employer. In any case in which remuneration from more than one employer is taken into account under the rule above, each related employer is liable for the tax in an amount which bears the same ratio to the total tax as the ratio of (1) the amount of remuneration that employer paid with respect to such employee, to (2) the amount of remuneration paid by all related employers to the employee. Each related employer must file their own Form 4720, complete Schedule N and report their ratable share of tax on Part I, line 13.

Excess parachute payment. For purposes of this provision, an excess parachute payment equals the excess of any parachute payment over the portion of the base amount allocated to such payment.

Parachute payment. A parachute payment is any payment in the nature of compensation to (or for the benefit of) a covered employee if the payment:

- Is contingent on such employee's separation from the employment with the employer, and
- Has an aggregate present value that equals or exceeds three times the base amount.

Base amount. Rules similar to the rules of section 280G(b)(3) shall apply for purposes of determining the base amount.

Property transfers. Rules similar to the rules of section 280G(d)(3) and (4) shall apply to property transfers.

Exception from excess parachute payments. An excess parachute payment does not include any payments:

- Described in section 280G(b)(6) (relating to exemption for payments under qualified plans),
- Made under or to an annuity contract described in section 403(b) or a plan described in section 457(b),
- To a licensed medical professional (including a veterinarian) to the extent that such payment is for the performance of medical or veterinary services by such professional, or
- To an individual who is not a highly compensated employee as defined in section 414(q).

Specific Instructions

Enter in column (b) the name of each covered employee who was paid more than $1 million in renumeration or was paid an excess parachute payment during the year. If more than five covered employees, attach a statement with the information required by the schedule and show the total amounts for column (e) on line 6.

For each covered employee reported in column (b), enter in column (c) the amount of remuneration you paid that exceeded $1 million. Do not include any excess parachute payment reported in column (d). If remuneration from related employer(s) was taken into account in determining that remuneration exceeded $1 million, enter your proportional share of the amount of remuneration that exceeded $1 million, based on your proportional share of total remuneration paid to the covered employee. Also, attach a statement to Form 4720 with the name and EIN of the related employer(s).

For each covered employee reported in column (b), enter in column (d) the amount of any excess parachute payment you paid.

For each covered employee reported in column (b), enter in column (e) the sum of columns (c) and (d).

Schedule O—Excise Tax on Net Investment Income of Private Colleges and Universities (Section 4968)

General Instructions

Requirement. An applicable educational institution that answered "Yes" to Form 990, Part V, line 16, or that is otherwise subject to the section 4968 tax on net investment income, must complete Schedule O.

Organizations subject to the section 4968 excise tax. A private college or university is subject to a 1.4% excise tax on net investment income under section 4968 if all four of the following threshold tests are met.

- The organization must be an eligible educational institution (as defined in section 25A(f)(2)). Section 25A(f)(2) defines "eligible educational institution" as an institution that is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. section 1088), as in effect on August 5, 1997; and is eligible to participate in a program under Title IV of such Act (20 U.S.C. sections 1070 et seq.).
- The organization must have had at least 500 tuition-paying students, based upon a daily average student count, during the preceding tax year.
- More than 50% of those students must have been located in the United States.
- The aggregate fair market value, at the end of the preceding tax year, of the assets not used directly in carrying out the organization's exempt purpose, held by the organization and related organizations, must be at least $500,000 per student.

TIP *Form 4720, Schedule O, is used by applicable educational institutions to report and pay any section 4968 tax owed. Because there is no requirement to make estimated tax payments for the section 4968 tax, Form 990-W does not apply to the section 4968 tax.*

Related organizations. The net investment income of related organizations is taken into account under certain circumstances. Section 4968 defines "related organization" to include only the following organizations.

- Organizations that control or are controlled by the educational institution.
- Organizations that are controlled by one or more of the same persons who control the educational institution.
- A supported organization (as defined in section 509(f)(3)) during the tax year with respect to the education institution.
- Supporting organizations described in section 509(a)(3) during the tax year with respect to the education institution.

When calculating the net investment income of a related organization, **exclude** (1) net investment income of any related organization to the extent that such net investment income is taken into account with respect to another educational institution; and (2) net investment income from assets that are not intended, or are not available for the use or benefit of the educational institution, unless the related organization is controlled by the educational institution, or unless the related organization is a supporting organization with respect to the educational institution.

Net investment income. Net investment income is the amount by which the sum of the gross investment income and the capital gain net income exceeds the administrative expenses allocable to gross investment income and capital gain net income.

To determine net investment income, including certain exceptions to gross investment income and modifications to allowable deductions, see Regulations section 53.4968-2.

Basis. As described in Regulations section 53.4968-2(d)(2), in the case of property held by an applicable educational institution on December 31, 2017, and continuously thereafter to the date of its disposition, the basis for determining gain shall be deemed not to be less than the fair market value of such property on December 31, 2017, plus or minus all adjustments after December 31, 2017, and before the date of disposition consistent with the regulations under section 4940(c). However, for purposes of determining loss, basis rules that are consistent with the regulations under section 4940(c) will apply.

Modified capital gain net income. Column (d) can reflect capital losses from sales or other dispositions of property in one organization only to the extent of capital gains from such sales or other dispositions in all the other organizations (modified capital gain net income). See Regulations section 53.4968–2. Amounts listed in column (d), for the filing organization and any related organization, may indicate a net loss. However, the amount carried to line 6, column (d) must be the greater of the modified capital gain net income or zero. Do not take into account capital loss carrybacks. Capital loss carryovers are allowed.

Specific Instructions

Line 1. Use Line 1 to report the gross investment income , capital gain net income (or loss), and associated allocable administrative expenses of the filing organization.

Lines 2–5. Use Lines 2–5 to report the gross investment income, capital gain net income (or loss), and associated allocable administrative expenses from related organizations during the related organizations' tax years that end with or within the tax year of the organization. If a related organization is a partner in a partnership or a shareholder of an S corporation, include the pertinent items of income, gain, loss, or deduction from the entity's Schedule K-1 (Form 1065 or 1120-S) for the tax year of the entity ending with or within the tax year of the filing organization.

Report income from related organizations in descending order from most income to least income. If there are more than three related organizations, attach a schedule to your Form 4720 showing the information for columns (a) through (e) for each related organization and enter the total amounts from the schedule in line 5, columns (c) through (e).

Line 6. Total the amounts in columns (c), (d), and (e). See *Notice 2018-55*, 2018-26 I.R.B. 773.

Add 6(c) and 6(d), subtract 6(e), and enter the total in 6(f).

Line 7. Multiply line 6(f) by 0.014 (1.4%) and enter the amount in box 7f and on Part I, line 14.

Paid Preparer

Generally, anyone who is paid to prepare the return must sign the return and fill in the other blanks in the *Paid Preparer Use Only* area. An employee of the filing organization isn't a paid preparer.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature,
- Enter the preparer information,
- Enter the preparer tax identification number (PTIN), and

• Give a copy of the return to the organization, in addition to the copy to be filed with the IRS.

Any paid preparer whose identifying number must be listed on Form 990-PF can apply for and obtain a PTIN. You can apply for a PTIN online or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal. For more information about applying for a PTIN online, visit the IRS website at IRS.gov/PTIN.

Paid Preparer Authorization

On the "Sign Here" line, check "Yes," if the IRS can contact the paid preparer who signed the return to discuss the return. This authorization applies only to the individual whose signature appears in the *Paid Preparer Use Only* section of Form 4720. It doesn't apply to the firm, if any, shown in that section.

By checking the "Yes box," the organization is authorizing the IRS to contact the paid preparer to answer any questions that arise during the processing of the return. The organization is also authorizing the paid preparer to:

• Give the IRS any information missing from the return,
• Call the IRS for information about processing the return, and
• Respond to certain IRS notices about math errors, offsets, and return preparation.

The organization isn't authorizing the paid preparer to bind the organization to anything or otherwise represent the organization before the IRS.

The authorization will automatically end no later than the due date (excluding extensions) for filing of the organization's 2023 Form 4720. If the organization wants to expand the paid preparer's authorization or revoke it before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

Check "No," if the IRS should contact the organization listed on the first page of the Form 4720, rather than the paid preparer.

Phone Help

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

Photographs of Missing Children

The Internal Revenue Service 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.

How To Get Forms and Publications

Internet. You can access the IRS website 24 hours a day, 7 days a week, at IRS.gov to:

• Download forms, including talking tax forms, instructions, and publications.
• Order IRS products online.
• Research your tax questions online.
• Search publications online by topic or keyword.
• Sign up to receive local and national tax news by email.
• You can order forms and publications by downloading from the IRS website at IRS.gov/OrderForms.

IRS e-Services Makes Taxes Easier

Now more than ever before, businesses can enjoy the benefits of filing and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make taxes easier. Use these electronic options to make filing and paying easier.

• You can *e-file* your Form 990 or Form 990-PF; Form 940 and 941 employment tax returns; Forms 1099; and other information returns. Visit IRS.gov/E-File for details. For tax years beginning on or after July 2, 2019, section 3101 of P.L. 116-25 requires that returns by exempt organizations be filed electronically. Organizations filing Form 990 or Form 990-PF for a tax year beginning on or after July 2, 2019 must file the return electronically. For tax years ending on or after July 31, 2021, Form 990-EZ also must be filed electronically. Limited exceptions apply. See When, Where, and How To File, in the instructions for Form 990, Form 990-PF or 990–EZ for more information.
• You can pay taxes online or by phone using the free Electronic Federal Tax Payment System (EFTPS). Visit EFTPS.gov or call 1-800-555-4477 for details. Electronic Funds Withdrawal (EFW) from a checking or savings account also is available to those who file electronically.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form 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. Certain individuals who owe tax under Chapter 41 or 42 of the Internal Revenue Code, and who don't sign the Form 4720 of the foundation or organization, must file a separate Form 4720 showing the tax owed and the name of the foundation or organization for which they owe tax. Sections 6001 and 6011 of the Internal Revenue Code require you to provide the requested information if the tax applies to you. Section 6109 requires you to provide your identifying number. Routine uses of this information include disclosing it to the Department of Justice for civil and criminal litigation and to other federal agencies, as provided by law. We may disclose the information to cities, states, the District of Columbia, and U.S. Commonwealths and possessions to administer their laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. If you don't file this information, you may be subject to interest, penalties, and/or criminal prosecution.

You aren't 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.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for tax exempt organizations filing this form is approved under OMB control number 1545-0047 and is

included in the estimates shown in the instructions for their information return.

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