

Audit Technique Guide – Labor, Agricultural, and Horticultural Organizations Exempt Under IRC Section 501(c)(5)

Introduction

This Audit Technique Guide includes specific information to identify and develop issues commonly encountered during the examination of an IRC Section 501(c)(5) organization.

This guide supplements IRM 4.75.10, Pre-Audit Procedures through IRM 4.75.13, Issue Development. It's not intended to restrict you in identifying issues or using examination techniques not included here. Review IRM 4.75.24, Organizations Covered by a Group Ruling if you're examining a central or subordinate organization under a group return, which is common for a labor union. This guide doesn't contain detailed technical information on IRC Section 501(c)(5) organizations.

Look for revised versions of Form 990, Return of Organization Exempt From Income Tax, and schedules that an IRC Section 501(c)(5) organization may need to complete. If a labor union is covered under a group exemption number (GEN), the organization may complete:

- Schedule R (Form 990), Related Organizations and Unrelated Partnerships
- Schedule C (Form 990 or 990-EZ), Political Campaign and Lobbying Activities (Parts I –III)
- Schedule J (Form 990), Compensation Information
- Schedule O (Form 990 or 990-EZ), Supplemental Information to Form 990
- Schedule N (Form 990 or 990-EZ), Liquidation, Termination, Dissolution, or Significant Disposition of Assets

You may need to contact third parties for a central organization to verify revenues or expenses that a subordinate reported on annual reports sent to the parent organization. Refer to IRM 4.75.21, EO Special Exam Procedures, for collateral exams and procedures for third-party contacts, especially when you're examining labor unions under a GEN.

Remember the two tax benefits available to employers hiring workers who were previously unemployed or only working part time (the Hiring Incentives to Restore Employment Act of 2010, P.L. No. 111-147, 124 Stat. 71 (2010) (the HIRE Act) enacted March 18, 2010). Employers who hired unemployed workers February 4, 2010 -December 31, 2010 may qualify for a 6.2% payroll tax incentive, in effect exempting them from their share of Social Security taxes on wages paid to these workers after March 18, 2010. Refer to the HIRE Act for more information. Businesses, agricultural employers, tax-exempt organizations and public colleges and universities all qualify to claim the payroll tax benefit for eligible newly-hired employees.

Background Information

IRC Section 501(c)(5) provides an exemption for organizations:

- Having no net earnings inuring to any member's benefit
- Whose purpose is advancing the conditions of those engaged in labor, agriculture, or horticulture, improving the grade of their products and developing a higher degree of efficiency in their respective occupations. See Reg. 1.501(c)(5)-1(a)

- Whose principal activity, with certain exceptions, is not to receive, hold, invest, or disburse or otherwise manage funds associated with savings or investment plans or programs, including pension or other retirement savings plans or programs. See Reg. 1.501(c)(5)-1(b) and Reg. 1.501(c)(5)-1(b)(2).

Organizations exempt under IRC Section 501(c)(5) fall into two general categories:

- Labor organizations
- Agricultural organizations or horticultural organizations

Although labor, agricultural or horticultural organizations may each qualify for exemption under IRC Section 501(c)(5), their requirements to be tax exempt and the issues we commonly find in each of these types of organizations differ. This guide has separate audit information for each.

Labor Organizations

A labor organization is an association of workers who have combined to protect or promote the interest of all members by bargaining collectively with their employers to secure better working conditions, wages and similar benefits. The term includes labor unions, councils and committees. See *Portland Co-operative Labor Temple Association v. Commissioner*, 39 B.T.A. 450 (1939).

Membership Requirements

A labor organization is a membership organization primarily made up of employees or representatives of employees. If most of the members are entrepreneurs or independent contractors, the organization doesn't qualify for exemption. See Rev. Rul. 78-288, 1978-2 C.B. 179.

Examination Guidelines – Membership Requirements

Ask the following questions and any follow-up questions during the initial contact or initial interview:

- What are the membership requirements?
- Does the organization have different classes of memberships?
- If so, what are the membership requirements for each class of members?
- Are the business owners allowed to be members of or receive benefits from the organization?
- Do the employer(s) withhold and pay member dues from members' salaries to the labor organization?

Review the articles of organization to determine the written membership requirements. Review materials that solicit members to determine requirements, benefits, and different classes of memberships.

Review the dues accounts in the cash receipts journal and supporting documents. If the employer(s) withholds and pays dues to the labor organization from member's salaries, check any separate payments to detect payments from entrepreneurs or independent contractors.

Check dues solicitations that the labor organization issues. Verify they contain a statement of non-deductibility of contributions required by IRC Section 6113 that certain non-IRC Section 501(c)(3) organizations must disclose in fund-raising solicitations.

Inurement

The net earnings of an IRC Section 501(c)(5) organization may not inure to the benefit of any member. Benefits provided to the members of a labor organization to improve their working conditions are permitted. Reg. 1.501(c)(5)-1(a).

Examples of permitted benefits:

- death, sick, accident and similar benefits
- payment of legal expenses (if the action is related to the member's employment)
- financial assistance to members during strikes and lockouts.

See Rev Rul. 67-7, 1967-1 C.B. 137.

Examples of benefits that may result in inurement:

- payment of a member or employee's personal expenses
- loans to members or employees
- personal use of the organization's property

The concept of inurement under IRC Section 501(c)(5) differs somewhat from that applied under IRC Section 501(c)(3) and IRC Section 501(c)(4).

Examination Guidelines – Inurement

Ask about member and employee benefits during the initial interview.

Review the organizational documents, membership solicitation materials, minutes, and contracts with employers, to identify the types of benefits provided to officers and members.

Review the organization's employment contracts, Forms W-2, Wage and Tax Statement, and other employment records to determine the number and duties of the organization's employees and the reasonableness of salaries and benefits.

During the tour of the organization's facilities, identify who uses the facilities to determine whether employers, related entities, members or other persons are using the facilities for nonexempt purposes. For example, if the organization has five employees and there are eight private offices, determine who uses the offices and the purpose of the use.

Review the cash receipts record for payments from individuals that may be repayment of loans.

Review the cash disbursement records and supporting documents for unexplained payments to individuals, unusual purchases of supplies, materials or assets or unusual payments for services. For example, purchases from a clothing store recorded as other expenses may indicate the organization pays personal expenses.

Compare assets on the organization's books to assets noted in your tour of the organization's facilities. Discrepancies could indicate the use of assets for personal purposes.

Analyze changes in assets. Disposition of assets to officials or members for less than fair market value could indicate inurement.

Review Form LM-2 or LM-3, Labor Organization Annual Report, and compare the information with the information on Form 990 for unexplained discrepancies.

Unrelated Business Income (UBI)

Labor organizations often have UBI from the following sources:

- Rental of debt financed property
- Commercial advertising in the organization's publications
- Associate/ Limited member dues
- Provision of goods and services to others

Examination Guidelines - Unrelated Business Income (UBI)

Tour facilities to identify offices or areas rented to other entities. Read newsletters and other publications to check for taxable advertising.

Check revenues from sales to determine whether the organization is conducting a business operation, for example, a labor temple with a bar or catering facility.

Review the dues account in the cash receipts journal for associate member dues. See *National Association of Postal Supervisors v. United States*, 944 F. 2d 859 (Fed. Cir. 1991), and *American Postal Workers Union, AFL-CIO v. United States*, 925 F. 2d 480 (D.C. Cir. 1991).

Compensation

Officers and employees of IRC Section 501(c)(5) labor organizations receive various forms of compensation. Under reporting compensation is a common problem we encounter when examining exempt labor organizations.

Additional compensation results from an organization's failure to include or properly include the correct taxable amount in an employee's wages. Likely sources include:

- Bonuses
- Expense reimbursements under a nonaccountable plan
- Employer provided vehicles
- Taxable fringe benefits

Expenses reimbursed under an accountable plan are excluded from the employee's gross income, are not reported as wages or other compensation on the employee's Form W-2, and are exempt from the withholding and payment of employment taxes. To be excludable from an employee's gross income and wages under an accountable plan, an employer's reimbursement of a work-related expense must meet three requirements:

1. **Business connection:** The expense must be related to the employer's business and otherwise deductible by the employee as a trade or business expense. Also, the employer's payment to the employee must be separate from the employee's wages, or specifically identified.
2. **Substantiation:** The employee must submit documentation to substantiate the amount of the expense and its business purpose within a reasonable period.
3. **Return of excess:** If the employer gives the employee an expense allowance before he incurs the expense, or the employee's reimbursed amount otherwise exceeds his properly

substantiated amount, the employee must return any amount in excess of the substantiated expense within a reasonable period.

A non-accountable plan is a reimbursement arrangement that doesn't meet one or more of the three requirements listed above.

Expenses reimbursed under a non-accountable plan are included in employee income and wages and subject to withholding and payment of employment taxes and FUTA tax under IRC Section 3301. See Treas. Reg. 1.62-2(c)(5).

Examination Guidelines – Compensation

During the initial interview, ask about bonuses, fringe benefits, and expense reimbursements for employees.

Look for discussions about the payment of bonuses in the minutes. Common examples include:

- Holiday bonuses
- Performance related bonuses
- Non-cash bonuses

Review the employee handbook for information about the organization's expense reimbursement policy. Determine whether the organization maintains an accountable plan. Pay close attention to expense allowances, expense accounts, and similar arrangements.

Inspect vouchers and other employee provided documentation. Check the disbursement journal for payments made to employees in addition to payroll checks. Look for payments for:

- The same amount made each month, and
- Even dollar amounts (for example. \$50.00, \$120.00, etc.)

Review any restrictions on using employer-provided vehicles for personal purposes. See Treas. Reg. 1.61-21 for a discussion of the value of the personal use of an employer- provided vehicle.

Review employment contracts, employee handbooks, etc. for benefits the organization offers to identify taxable fringe benefits. Fringe benefits are taxable unless specifically excluded by the Code. Examples of taxable fringe benefits include:

- Club dues
- Deferred Compensation (Nonqualified Arrangements)
- Group Term Life Insurance in excess of \$50,000
- Employer Provided Meals and Lodging (But see IRC Section 119)
- Benefit Plans (Employee Contributions)

Payments to Member

Payment of certain benefits by IRC Section 501(c)(5) labor organizations to their members or their members' families aren't considered inurement. These benefits include:

- Strike fund benefits and lockout benefits
- Payment for sick, accident, and death benefits
- Lost time payments to union officials

Strike Fund Benefits and Lockout Benefits.

Strike fund benefits may be wages subject to FICA, FUTA, and federal income tax withholding if the labor organization directs the members' activity. (Rev. Rul. 75-475, 1975-2 C.B. 406).

Strike fund benefits may be compensation to the member, but not subject to FICA, FUTA, and federal income tax withholding, if the payment is per the union's constitution and not remuneration for services an employee performed for his employer. (Rev. Rul. 68-424, 1968-2 C.B. 419 and IRC Section 3401, distinguished as in *Gregory v. United States*, 637 F.Supp. 624 (E.D. N.C 1986).

Strike fund benefits may be excludable from the member's income as a gift based on the form and amount of the payment, the member's need, etc. (Rev. Rul. 61-136, 1961-2 C.B. 20, and *United States v. Allen Kaiser*. 363 U.S. 299 (1960), 1960-2 C.B. 33).

Note: There are numerous cases where *Kaiser* was distinguished and strike benefits were held to be includable as gross income under IRC 61. See: *Woody v. United States*, 368 F.2d 668 (9th Cir.1966); *McConnell v. United States*, 70-2 U.S.T.C. par. 9467 (E.D Tenn. 1970); *Halsor v. Director of Internal Revenue*, 240 F. Supp. 738 (D.Minn.1965); *Godwin v. United States*, 6501 U.S. Tax Case. CCH) 9121, 15 A.F.T.R.2d 258 (W.D.Tenn.1964); *Placko v. Commissioner*, 74 T.C. 452 (1980); *Colwell v. Commissioner*, 64 T.C. 584 (1975); *Brown v. Commissioner*, 47 T.C. 399 (1967); *Hagar v. Commissioner*, 43 T.C. 468 (1965); *Stone v. Commissioner*, T.C.M. (P-H) par. 85-544 (1985); *Jernigan v. Commissioner*, T.C.M. (P-H) par. 68-268 (1968). All of these cases refer to the legal standards the Supreme Court set in *Duberstein* for determining excludable income as gifts.

Lockout benefits are treated like strike fund benefits. (Rev. Rul. 58-139, 1958-1C.B. 14).

Examination Guidelines - Strike Fund Benefits and Lockout Benefits

Review the organization's constitution, articles, bylaws, etc. for the terms and conditions under which they pay strike fund benefits and lockout benefits.

Check the organization's minutes for any references indicating the intent of the payment. Examine the disbursement journals to determine whether the members received the same amount. Inspect any member provided documentation.

Review Forms W-2 and 1099 to determine whether payments were reported to the members.

Lost Time Payment

Payments made by a labor organization to its members for lost time from their regular employment are includable in income and may be subject to FICA, FUTA, and federal income tax withholding.

Payments for lost time while conducting negotiations for the union are wages subject to FICA, FUTA, and federal income tax withholding. (Rev. Rul. 68-539, 1968-2 C.B. 422)

Payments for lost time while attending the union's annual convention are reportable as income by the recipient, but aren't wages subject to FICA, FUTA, and federal income tax withholding. (Rev. Rul. 80-348, 1980-2 C.B. 31).

Note: Amounts an international labor union pays to reimburse delegates from local chapters for travel expenses to attend the annual convention are excluded from gross income, and the employee may not deduct the reimbursed expenses under IRC Section 162, even though the employee receives it in a later year. Amounts the delegates receive as reimbursement for lost salary are includible in gross income, but are not “wages” under IRC Sections 3121, 3306, and 3401. Rev. Rul. 80-348, 1980-2 C.B. 31.

Examination Guidelines - Lost Time Payments

Read the organization’s constitution or other documents governing payments to members for lost wages.

Examine the disbursement journals for payments made to members and determine the reason for them.

Check Forms W-2 and 1099 to determine whether the payments were reported to the member.

Legislative Activities

IRC Section 501(c)(5) labor organizations may participate in lobbying activities if the legislation is relevant to accomplishing their exempt purpose.

Examination Guidelines – Legislative Activities

Review personal service and employment contracts, minutes and publications to determine if the organization engages in lobbying activities.

If the organization engaged in lobbying activities, determine whether the legislation is related to the organization’s exempt purpose.

Political Activities

A labor organization which otherwise qualifies for exemption under IRC Section 501(c)(5) isn’t disqualified merely because it engages in some political activity.

IRC Section 527(f) imposes a tax on the direct political expenditures of organizations exempt from tax under IRC Section 501(a) including labor organizations in IRC Section 501(c)(5).

An exempt labor organization’s separate segregated fund it maintains to conduct its political activities is treated as a separate organization subject to IRC Section 527.

Examination Guidelines - Political Activities

Interview the officer’s and review the minutes, newsletters, web sites, and correspondence to identify possible political activity by the organization or the existence of a separate segregated political fund.

Analyze the following accounts for possible political expenditures:

- Legal fees
- Bonuses
- Printing
- Advertising
- Entertainment

Analyze the disbursement journals, bank statements, canceled checks and other supporting documents to identify transfers of funds to a separate segregated political fund.

Determine whether an IRC Section 501(c)(5) labor organization's political committee is engaged in political campaign and voter education/registration activities. Trace funds used for voter education/registration to their ultimate use to verify they weren't used for political campaign purposes. If so, this could constitute an indirect political expenditure.

Agricultural or Horticultural Organizations

Agricultural or horticultural organizations are associations of persons who have combined to promote the interests of persons engaged in the art or science of cultivating land, harvesting crops or aquatic resources, or raising livestock (IRC Section 501(g)).

Membership Requirements

Agricultural or horticultural organizations are membership organizations primarily made up of persons seeking to better the conditions of those engaged in agricultural or horticultural pursuits.

All of the organization's members don't have to be engaged in agricultural or horticultural pursuits.

Examination Guidelines – Membership Requirements

Ask the following questions and any follow-up questions during the initial contact or initial interview:

- What are the membership requirements?
- Does the organization have different classes of memberships?
- If so, what are the membership requirements for each class of members?
- What benefits are the various classes of members entitled to?

Review the articles of organization to determine the written membership requirements. Review membership solicitation materials to determine requirements, benefits, and different classes of memberships.

Check dues solicitations the organization issued. Verify they contain a statement in their fund raising solicitations, that contributions are nondeductible, as required by IRC Section 6113 for certain non IRC Section 501(c)(3) organizations.

Inurement

No part of the net earnings of an IRC Section 501(c)(5) organization may inure to the benefit of any member. (Treas. Reg. 1.501(c)(5)-1(a)(1)).

The refund of excess dues in the same proportion as the dues are paid isn't inurement (Rev. Rul. 81-60, 1981-1 C.B. 335).

Examples of inurement include the provision of welfare, aid, and financial assistance to the members of agricultural or horticultural organizations exempt from tax under IRC Section 501(c)(5).

The concept of inurement under IRC Section 501(c)(5) differs somewhat from that applied under IRC Section 501(c)(3) and IRC Section 501(c)(4).

Examination Guidelines - Inurement

Ask about member benefits during the initial interview. Review the organizational documents, membership solicitation materials, minutes, etc. to identify any benefits provided to members.

Inspect the organization's employment contracts, Forms W-2 and other employment records to determine the number and duties of the organization's employees and the reasonableness of salaries and benefits.

Review records related to the use of the organization's assets to determine whether related entities, members, or other persons are using the facilities for nonexempt purposes.

Analyze changes in assets. Disposition of assets to officials or members at less than fair market value could indicate inurement.

Review the cash disbursement record, "Pay-pal" accounts, and supporting documents for unexplained payments to individuals, unusual purchases of supplies, materials or assets or unusual payments for services.

Unrelated Business Income (UBI)

Agricultural or horticultural organizations frequently have UBI from the following sources:

- Rental of debt financed property
- Winter storage fees
- Commercial advertising in the organizations publications
- Provision of goods or services to others

Associate member dues are excluded from UBI for exempt agricultural or horticultural organizations if they are \$100 or less (IRC Section 512(d)) **Caution:** For taxable years beginning in 2010, see Rev. Proc. 2009-50 (26 USCS section 1 note) section 3.24 for inflation adjusted limitation for annual dues under this paragraph, where the limitation under IRC Section 512(d)(1) regarding the exemption of annual dues required to be paid by a member to an agricultural or horticultural organization, is \$146.

Examination Guidelines - Unrelated Business Income(UBI).

Tour facilities to identify possible sources of rental income and winter storage fees.

Read newsletters and other publications to check for taxable advertising.

Check revenues from sales. Determine whether the organization is conducting a business operation.

Legislative Activities

IRC Section 501(c)(5) agricultural or horticultural organizations may participate in legislative activity that is related to accomplishing their exempt purpose.

IRC Section 501(c)(5) agricultural or horticultural organizations' lobbying expenditures may be subject to the requirements of IRC Section 6033(e).

IRC Section 6033(e) imposes a notice requirement and proxy tax on the lobbying expenditures of certain agricultural or horticultural organizations.

Examination Guidelines - Legislative Activities

Review lobbying expenditures to verify the lobbying is related to the organization's exempt purpose. Review the minutes, newsletters, web sites, and correspondence to identify legislative activity.

Determine whether any officials of the organization are registered lobbyists. Review any contracts with outside lobbyists to determine the extent and the nature of such lobbying.

Determine whether an agricultural or horticultural organization is subject to the reporting requirements of IRC Section 6033(e).

Review dues statements of agricultural or horticultural organizations subject to these requirements to determine if they properly reported amounts used for lobbying.

Inspect Form 990-T, Exempt Organizations Business Income Tax Return, of agricultural or horticultural organizations that elected not to or didn't provide this notification to verify the proxy tax under IRC Section 6033(e)(2)(A) was properly calculated.

Political Activities

An agricultural or horticultural organization that otherwise qualifies for exemption under IRC Section 501(c)(5) isn't disqualified merely because it engages in some political activity.

IRC Section 527(f) imposes a tax on the direct political expenditures of organizations exempt from tax under IRC Section 501(a) including agricultural or horticultural organizations described in IRC Section 501(c)(5).

An IRC Section 501(c)(5) agricultural or horticultural organization's separate segregated fund maintained to conduct its political activities is treated as a separate organization subject to IRC Section 527. Political expenditures IRC Section 501(c)(5) agricultural or horticultural organizations make may be subject to IRC Section 6033(e) requirements.

Examination Guidelines - Political Activities

Interview the officer's and review the minutes, newsletters, websites, and correspondence to identify possible political activity by the organization or the existence of a separate segregated political fund.

Analyze the following accounts for possible political expenditures:

- Legal fees
- Bonuses
- Printing
- Advertising
- Entertainment

Analyze the disbursement journals, bank statements, canceled checks and other supporting documents to identify transfers of funds to a separate segregated political fund.

Determine whether a political committee set up by an IRC Section 501(c)(5) agricultural or horticultural engaged in both political campaign and voter education or registration activities. Trace funds used for voter education or registration activities to their ultimate use to verify they weren't used for political campaign purposes because doing so could constitute an indirect political expenditure.

IRC Section 527 Filing and Notice Requirements

If the organization made expenditures for political purposes or maintained a separate segregated political fund, determine whether all returns and/or reports required by IRC Section 527 were filed.

If the return and reports:	Then:
Were filed	Inspect the organization's copies of the returns and/or reports and determine whether an examination is warranted.
Were not filed	Secure the delinquent returns and/or reports and forward to the FAST team to process. Determine whether an examination of the delinquent returns and/or reports is warranted.

Caution: Public Law 106-230, 106th Congress, 2nd Session (2000) made substantive changes to the filing and notice requirements of IRC Section 527 political organizations and funds. Review IRC Section 527, Treas. Reg. 1.527, and IRM 7.27.11. Research to determine whether there have been any new developments in this area after this IRM was published.

IRC Section 501(c) organizations that collect political contributions or member ship dues earmarked for a separate segregated fund and promptly and directly transfer them to the fund per Treas. Reg. 1.527-6(e), should:

- not report them on lines 1 or 2 of Part I, C. Section 527 Exempt Function Activity of IRC Section 501(c) organizations other than IRC Section 501(c)(3)
- report them on line 5e, Part III

IRC Section 162(e) and IRC Section 6033(e) – Notification Requirements

Certain legislative and political expenditures and dues payments made to specific exempt organizations for these expenditures aren't deductible as an ordinary and necessary business expense (IRC Section 162(e)).

Certain exempt organizations, including some agricultural or horticultural organizations, must disclose the amount of legislative and political expenditures to which IRC Section 162(e)(1) applies and provide a notice to any person paying dues to which those expenditures are allocable (IRC Section 6033(e)). The notice must contain an estimate of the portion of the dues allocable to those expenditures or the organization must pay a proxy tax, as described above. See IRM 7.27.12, IRC Section 6033(e)(2) - Proxy Tax on Lobbying and Political Expenditures, for a further explanation of the IRC Section 6033(e) technical requirements. Also, refer to Schedule C (Form 990 or 990-EZ) Instructions, Part III, Section 6033(e) Notice & Reporting Requirements & Proxy Tax.

Labor organizations described in IRC Section 501(c)(5) aren't subject to the requirements under IRC Section 6033(e) or the related proxy tax because they're deemed to be an organization, in which substantially all of the dues are not deductible without considering IRC Section 162(e). See Rev. Proc. 98-19 and refer to Schedule C (Form 990 or 990-EZ) Instructions, & Part III-A, Line 1, Item 2.

Violations of Other Federal Statutes

Be alert to the activities of the organization, any affiliated organization and/or of any officer or trustee that would violate either:

- 18 USC 664 or 18 USC 1954 (about theft, embezzlement and manipulation of trustee funds)
- 52 USC 30118 (transferred from 2 USC 441(b)) (about illegal political contributions)

Note: If you find possible violations of these statutes, prepare a Form 5666, EP/EO Information Report and send to EO Classification.

Form 13909, Tax-Exempt Organization Complaint (Referral) Form, is an online referral form the general public, state, and local government regulators use to report tax-exempt organizations' noncompliance and questionable activities. EO Classification uses information on Form 13909 to set up compliance reviews and field examinations. The form is published on the IRS.gov on the "Charities and Nonprofit" homepage" and may be emailed, faxed or mailed to the EO Classifications Unit. (Refer to EO Examination Classification Alert dated 08-30-2010, for Online Referral Form 13909).

If you detect fraud:

- Discuss with your manager and the fraud technical advisor
- Complete Form 11661, Fraud Development Recommendation
- Refer to IRM 4.75.35, Fraud and Abusive Transaction Procedures

Other Filings and Tax Compliance

Be alert to any foreign bank accounts, where FinCEN Form 114, Report of Foreign Bank and Financial Accounts, may be annually required to be filed on or before June 30th.

Look for any prohibited tax shelter transactions at any time during the tax year, in which the organization may be required to file Form 8886-T, Disclosure by Tax-Exempt Entity regarding Prohibited Tax Shelter Transactions.

Check to see if the organization complied with backup withholding rules for reporting payments to vendors and reportable gaming (gambling) winnings to prize winners, as may be found in an agricultural organization.

Refer to Part V to Form 990, Statements Regarding Other IRS Filings & Tax Compliance.