

IRS Offers One-Time Special Filing Relief Program for Small Charities; Oct. 15 Due Date to Preserve Tax-Exempt Status

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WASHINGTON — Small nonprofit organizations at risk of losing their tax-exempt status because they failed to file required returns for 2007, 2008 and 2009 can preserve their status by filing returns by Oct. 15, 2010, under a one-time relief program, the Internal Revenue Service announced today.

The IRS today posted on a [special page of IRS.gov](#) the names and last-known addresses of these at-risk organizations, along with guidance about how to come back into compliance. The organizations on the list have return due dates between May 17 and Oct. 15, 2010, but the IRS has no record that they filed the required returns for any of the past three years.

“We are doing everything we can to help organizations comply with the law and keep their valuable tax exemption,” IRS Commissioner Doug Shulman said. “So if you do not have your filings up to date, now’s the time to take action and get back on track.”

Two types of relief are available for small exempt organizations — a filing extension for the smallest organizations required to file [Form 990-N, Electronic Notice \(e-Postcard\)](#), and a voluntary compliance program (VCP) for small organizations eligible to file [Form 990-EZ](#), Short Form Return of Organization Exempt From Income Tax.

Small organizations required to file Form 990-N simply need to go to the IRS website, supply the eight information items called for on the form, and electronically file it by Oct. 15. That will bring them back into compliance.

Under the VCP, tax-exempt organizations eligible to file Form 990-EZ must file their delinquent annual information returns by Oct. 15 and pay a compliance fee. Details about the VCP are on the [IRS website](#), along with [frequently asked questions](#).

The relief announced today is not available to larger organizations required to file the Form 990 or to private foundations that file the Form 990-PF.

The IRS will keep today’s list of at-risk organizations on IRS.gov until Oct. 15, 2010. Organizations that have not filed the required information returns by that date will have their tax-exempt status revoked, and the IRS will publish a list of these revoked organizations in early 2011. Donors who contribute to at-risk organizations are protected until the final revocation list is published.

The [Pension Protection Act of 2006](#) made two important changes affecting tax-exempt organizations, effective the beginning of 2007. First, it mandated that all tax-exempt organizations, other than churches and church-related organizations, must file an annual return with the IRS. The Form 990-N was created for small tax-exempt organizations that had not previously had a filing requirement. Second, the law also required that any tax-exempt organization that fails to file for three consecutive years automatically loses its federal tax-exempt status. The IRS conducted an extensive outreach effort about this new legal requirement but, even so, many organizations have not filed returns on time.

If an organization loses its exemption, it will have to reapply with the IRS to regain its tax-exempt status. Any income received between the revocation date and renewed exemption may be taxable.