Exempt Organizations Annual Reporting Requirements –
Filing Procedures

The items below explain when, where and how to file an exempt organization annual return, and discusses what happens when an organization fails to file the return or files late.

1. When is Form 990 due?

Form 990 is due on the 15th day of the 5th month following the end of the organization's taxable year. For organizations on a calendar year, the Form 990 is due on May 15th of the following year.

2. How can I determine what my organization’s tax year is?

A tax year is usually 12 consecutive months. There are two kinds of tax years:

- **Calendar Tax Year**: This is a period of 12 consecutive months beginning January 1 and ending December 31; or
- **Fiscal Tax Year**: This is a period of 12 consecutive months ending on the last day of any month except December.

Generally, your tax year (or accounting period) can be found in the following documents:

- Your organization’s by-laws.
- Your application for federal tax-exempt status (Form 1023 or Form 1024) or the determination letter you received approving your tax-exempt status.
- The application, Form SS-4, your organization filed to obtain its employer identification number (EIN).
- A copy of a prior year return, Form 990 or 990-EZ, that you filed with the IRS.

3. What happens if my Form 990 is filed late?

If an organization whose gross receipts are less than $1,000,000 for its tax year files its Form 990 after the due date (including any extensions), and the organization doesn't provide reasonable cause for filing late, the Internal Revenue Service will impose a penalty of $20 per day for each day the return is late. The maximum penalty is $10,000, or 5 percent of the organization's gross receipts, whichever is less. The penalty increases to $100 per day, up to a maximum of $50,000, for an organization whose gross receipts exceed $1,000,000.

An organization that fails to file the required information return (Form 990, Form 990-EZ or Form 990-PF) or e-Postcard (Form 990-N) for three consecutive tax years will automatically lose its tax-exempt status. The revocation of an organization's tax-exempt status will not take place until the filing due date of the third year. For example, if your Form 990 is due on May 15, 2009 (for tax year 2008) and you do not file in 2009, 2010, or by May 15, 2011, you will lose your tax-exempt status on May 15, 2011. The IRS will not send additional notices once your tax-exempt status is automatically revoked.

4. How do I change my accounting period, and how does it affect when my returns are due?

An organization may change its accounting period by filing a return for the short tax period that results from the change. A "short tax period" is an accounting period of less than 12 months, and usually occurs when an organization starts operations, changes its accounting period or terminates.

For example: In the year it was created, "Organization EO" adopts a calendar year accounting period. In Year 4, it decides to change its accounting period to a fiscal year ending September 30. It may change its accounting period by filing a short tax period return for the year beginning January 1 and ending September 30, Year 4. It must write "Change in Accounting Period" at the top of this short Year 4 return. Organization EO's next return would cover the period beginning October 1, Year 4 and ending September 30, Year 5.

If the organization has already changed its accounting period within the last 10 calendar years, it must use Form 1128, *Application to Adopt, Change, or Retain a Tax Year*, to change its accounting period. Form 1128 instructions explain how to complete and submit the request. A user fee applies to the request.

Please note that an organization may not change its accounting period by filing a Form 990-N for the short tax period. The organization must either file a Form 990-EZ or Form 990, or use Form 1128.

Additional information:

Changes in accounting period

5. What happens if my Form 990 is incomplete?

The IRS treats an incomplete return the same as a return filed late - the penalties are the same. For example, if an organization fails to attach a required schedule to its annual return - one of the most common errors in filing Forms 990, 990-EZ and 990-PF - its return is considered incomplete and filing penalties may apply.

For additional information, see Common Errors – Form 990, Common Errors – Form 990-EZ or Common Errors – Form 990-PF.

6. What happens if I fail to file an annual return or annual electronic notice?

For tax years beginning after December 31, 2006, if an organization is required to file an information return or annual electronic notice and fails to do so for three consecutive years, the organization will lose its tax-exempt status as of the filing due date of the third year. For the organization to have its tax-exempt status reinstated, it must apply (or reapply) for tax-exempt status and pay the appropriate user fee.

7. Can penalties for filing Form 990 late be abated?

Failure to timely file the information return, absent reasonable cause, can give rise to a penalty under section 6652 of the Code. Whether an organization qualifies for the reasonable cause exception to the penalty will be determined on a case-by-case basis taking into account all relevant facts and circumstances.

The regulations provide that a request for abatement of penalties based on reasonable cause must be made in the form of a written statement, containing a declaration by the appropriate person that the statement is made under penalties of perjury, setting forth all the facts alleged as reasonable cause. This statement should be made as an attachment to the Form 990. When requesting abatement of penalties for reasonable cause, your statement should include supporting documentation and address the following items:

- The reason the penalty was charged. The daily delinquency penalty may be charged for either a late filed return, an incomplete return, or both.
- Explain what prevented the organization from complying with the law, including:
    - what prevented the organization from requesting an extension of time to file its return, if the organization did not request such an extension;
    - how the organization was not neglectful or careless, but exercised ordinary business care and prudence; and
    - what steps have been taken to prevent the same situation from occurring in the future.

8. Which tax-exempt organizations are required to file returns electronically?

For tax years ending on or after December 31, 2006, tax-exempt organizations and non-exempt charitable trusts with total assets of $10 million or more, who file at least 250 returns annually (including income tax, excise tax, employment tax, and information returns (including Forms W-2 and 1099)), must file Forms 990 electronically. In addition, private foundations and non-exempt charitable trusts must file Forms 990-PF electronically regardless of their asset size, if they file at least 250 returns annually.

For more information about electronic filing for tax-exempt organizations, see e-Filing Frequently Asked Questions and e-File for Charities and Nonprofits.

9. If I am filing an amended Form 990 for a prior year (such as 2007), should I use the new or old form?

Use the form in effect for the year being amended (e.g., use the 2007 Form 990 for amendments to a 2007 Form 990).

10. Can attachments be filed to the Form 990 to provide additional information?

Generally, narrative responses to particular questions for which no space exists in the appropriate Part or schedule should be placed on Schedule O, *Supplemental Information to Form 990*. All Form 990 filers must provide responses to certain questions (e.g., Part VI, lines 11 and 19) on Schedule O, and may be required to include explanations of certain *Yes* and *No* responses in Schedule O. Some information that Schedule O cannot accommodate must be filed as attachments, as applicable. Examples include name change amendment to organizing document; articles of merger or dissolution, resolutions, and plans of liquidation or merger required for Schedule N; letters regarding termination of exempt status required for Schedule N; and list of subordinate organizations included in group return. Also, the IRS will accept software-prepared 2009 Forms 990 that refer to (and attach) *statements* or *attachments* that include narrative responses (or portions thereof) that do not fit in the software developers' allotted space for a particular question. Otherwise, if filers are unable to fit a narrative response to a particular question within the allotted space on the Form or schedule, they should include their response on Schedule O, not in a separate attachment.

Note that the reasonable cause explanation for late filing of Form 990 should not be in placed Schedule O, but in a separate attachment.

See Form 990 Attachments for more information.

11. How does an organization know which portions of the form or schedules it must complete?

Each organization that files the new form must complete all portions of the core form (Parts I through XI) and provide certain narrative responses on Schedule O. By completing Part IV, *Checklist of Required Schedules*, the organization will be able to determine which additional schedules, if any, it must complete.

12. Will Form 990 satisfy an organization's state reporting requirements?

State reporting requirements are determined by the individual states, many of which require certain tax-exempt organizations to file a Form 990 or Form 990-EZ. Accordingly, organizations should check with their respective states to determine their state filing obligations. Appendix I (Form 990 instructions), *Use of Form 990 or 990-EZ to Satisfy State Reporting Requirements*, addresses various differences between IRS and state filing requirements.

13. What are our organization's public disclosure obligations for the Form 990?

An exempt organization must make available for public inspection its annual information return (e.g., Form 990, Form 990-EZ). Returns must be available for a three-year period beginning with the due date of the return (including any extension of time for filing) or, if later, the date it is actually filed. For this purpose, the return includes any schedules and attachments that are filed with the form. Note, however, that an exempt organization, other than a private foundation, need not disclose the name and address of any contributor. An organization is not required to provide a copy of its Form 990 if the organization has made that form publicly available (e.g., through Internet posting), but must nevertheless make the form available for in-person inspection. For more information on public disclosure requirements, see Form 990 instructions, Appendix D, *Public Inspection of Returns*; and Frequently Asked Questions.

14. Where do I file my annual return?

Mail your return to the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201-0027. If your organization's principal business, office or agency is located in a foreign country or a U.S. possession, send the return to the Internal Revenue Service Center, P.O. Box 409101, Ogden, UT 84409.

Annual returns may also be filed electronically - a quick, secure and more accurate method than filing paper returns. For more information, see e-file for Charities and Non-Profits.

15. May those organizations that are members of a group that has a group ruling file as part of a group return?

Yes. Appendix E (Form 990 instructions), *Group Returns - Reporting on Behalf of the Group* - explains how group return filers should complete the form and schedules.

16. What happens if a political organization fails to file Form 990?

A political organization that fails to file a required Form 990 or fails to include required information on those returns is subject to a penalty of $20 per day for every day such failure continues. The maximum penalty imposed regarding any one return is the lesser of $10,000 or 5 percent of the gross receipts of the organization for the year. In the case of an organization having gross receipts exceeding $1,000,000 for any year, the penalty is increased to $100 per day with a maximum penalty of $50,000.

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