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# Heads Up! Keeping Current on Exempt Organizations



5/23/2012



# Topics

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- Tips on applying for exemption
- Search for a charity: “SelectCheck”
- Two new tax credits worth knowing about
- Let’s be in touch: Education & outreach initiatives
- How to find us





# Tips to Make Applying Easier

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## Public Charities:

- Broad Public Support

## Statutory:

- Hospitals, Schools, Churches

## Private Foundations:

- Typically organized by a few persons
- Special excise taxes





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# Two-Part Test

Must be *organized* for an *exempt purpose*

Must be *operated* for an *exempt purpose*





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# Who Must File

Form 1023 - *required* for all §501(c)(3) organizations except

- Churches
- Certain government entities
- Public charities with gross receipts < \$5,000





# What to File

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## Form SS-4

- To obtain identification number which must be included on application

## Form 2848

- To permit someone other than a principal officer, director or employee to represent the organization on matters regarding the application





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# When to File

**Within 27 months of month in which legally formed**

**Within 90 days of the end of the year exceeding \$5,000 threshold**





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# Getting It Right

**Protect personal information**

**Identification of applicant**

**Organizational structure**

**Narrative description**

– **Be specific**

– **Write to audience**

– **Be realistic**

– **“Who, what, when, where, why”**

**Financial information**





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# Pages, Schedules, Signature

**Complete all pages**

**Do not use “N/A”**

**Answer follow-up questions**

**Schedules, only if they apply**

**Authorized person signs –  
no stamp or fax**





# Check the List

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## Form 1023 Checklist

(Revised June 2006)

Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

*Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.*

**Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.**

- Assemble the application and materials in this order:
  - Form 1023 Checklist
  - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
  - Form 8821, *Tax Information Authorization* (if filing)
  - Expedite request (if requesting)
  - Application (Form 1023 and Schedules A through H, as required)
  - Articles of organization
  - Amendments to articles of organization in chronological order
  - Bylaws or other rules of operation and amendments
  - Documentation of nondiscriminatory policy for schools, as required by Schedule B
  - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
  - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.





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# Search for a Charity

## SelectCheck

- One-stop service
- Updates monthly (Pub. 78 and Auto-Rev) database
- Updates weekly (990-N e-Postcard) database





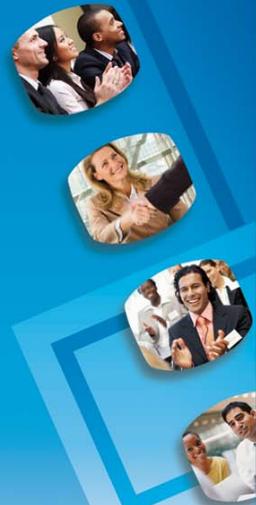
# EO Select Check

## Search:

- Eligible to receive tax-deductible charitable contributions (Pub. 78 data)
- Had its tax-exempt status automatically revoked
- Filed a Form 990-N (e-Postcard)

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# VOW to Hire Heroes Act

Hire a veteran and be eligible for a tax credit

- Up to \$9,600 for businesses
- Up to \$6,240 for tax-exempt employers

New hire starts working before 1/1/ 2013





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# VOW to Hire Heroes Act

**Certification and claiming the credit**

- **File Form 8850 with state workforce agency**

**Businesses**

- **Calculate on Form 5884**
- **Claim on Form 3800 & income tax return (e.g., 1041, 1120)**

**Tax Exempt organizations**

- **File on Form 5884-C, Form 941**





# Small Business Health Care Tax Credit

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How much can you save?

Small tax-exempts

- 2010 to 2013: up to 25 percent
- 2014: increases to 35 percent





# Small Business Health Care Tax Credit

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A qualified small employer:

- Pays at least half of employee premiums
- Has fewer than 25 full-time equivalent employees (FTEs) for the tax year
- Pays average annual wages of less than \$50,000 per FTE





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# Small Business Health Care Tax Credit

Use Form 8941 to calculate the credit

Tax-exempt organizations include the amount on line 44f of the Form 990-T

Tax-exempts receive a refund





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[www.irs.gov/charities](http://www.irs.gov/charities)

EO Update

Calendar of events  
(seminars, workshops)

Academic Institutions Initiative

Plain writing initiative

New EO Exam pages





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# Additional Resources

[www.stayexempt.irs.gov](http://www.stayexempt.irs.gov)

[www.youtube.com/irsvideos](http://www.youtube.com/irsvideos)

*Publication 557, Tax Exempt Status  
for Your Organization*

*Publication 4220, Applying for  
Tax-Exempt Status*





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# Contact Us

[info@irs.gov/charities](mailto:info@irs.gov/charities)

Customer Account Service  
(877) 829-5500 (toll-free)

