



## **Frequently Asked Questions About the Form 990**

*Based on information from irs.gov*

For organizations that operate on a December 31 year end, it's time to start thinking about filing your annual return with the IRS. Organizations that have received 501(c)(3) status from the IRS are required to file returns with the IRS every year. Which annual return or notice must be filed generally depends on the economic activity of the organization.

### **Which Return Must I File?**

The filing requirements for public charities, which have been adjusted for the 2010 tax year (filed beginning in 2011), are:

**Form 990:** Must be filed by organizations with gross receipts greater than or equal to \$200,000 and total assets greater or equal to \$500,000.

**Form 990-EZ:** Must be filed by organizations with gross receipts less than \$200,000 (but greater than \$50,000) and total assets less than \$500,000.

**Form 990-N (e-postcard):** Must be filed by organizations with gross receipts less than or equal to \$50,000.

### **When Is The Return Due?**

The return is due on the 15th day of the 5th month after the end of the organization's fiscal year. (For example, the 2010 return of an organization whose fiscal year ends on December 31, 2010, would be May 15, 2011.) The due date may be extended for three months, without showing cause, by filing Form 8868 before the due date. An additional three-month extension may be requested on Form 8868 if the organization shows reasonable cause why the return cannot be filed by the extended due date.

### **What Happens If The Return Is Late?**

If an organization files its annual return after the due date (including any extensions), and the organization doesn't provide reasonable cause for filing late, the IRS 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.

### **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 - its return is considered incomplete and filing penalties may apply.

### **What Happens If The Organization Fails to File the Return?**

For tax years beginning after December 31, 2006, if an organization is required to file a return 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.