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Legal Alert: Revocation of Exempt Status

Since the beginning of 2007, all tax-exempt organizations, regardless of budget size are required to file a Form 990 with the Internal Revenue Service (IRS). The type of Form 990 the organization is required to file will depend on the organization's annual gross revenue. Currently, publicly supported charities with average gross revenues under \$25,000 are required to file the Form 990-N, those between \$25,000 - \$100,000 the Form 990 EZ and those over \$100,000 the Form 990.

The Pension Protection Act of 2006 requires the IRS to revoke the exempt status of organizations that do not file a Form 990 for three consecutive years. Revocation of exempt status will mean that the organization can no longer accept tax deductible donations and will have to reapply to the IRS for exempt status. In the interim, the organization's income is subject to tax.

Form 990s are due on the 15th day of the fifth month after the organization's fiscal year ends. Therefore, organizations whose fiscal year ends on December 31st are required to file their Form 990 by May 15th unless they are granted an extension, and organizations whose fiscal year ends on June 30th are required to file their Form 990 by November 15th unless they are granted an extension.

Beginning May 15, 2010, organizations that have not filed a Form 990 for the last three fiscal years and whose fiscal year ends on December 31st can have their exempt status revoked. It is imperative a Form 990 be timely filed by May 15th or that the organization seeks an extension of time to file. Additional information is available on the IRS website <http://www.irs.gov/charities/article/0,,id=217087,00.html>.

For additional information on the Form 990-N see Lawyers Alliance legal alert Form 990: New IRS Filing Requirements, December 2007 found at http://www.lawyersalliance.org/news_legal_alerts.php#3

This alert is meant to provide general information only, not legal advice. Please call Legal Director Linda Manley at Lawyer's Alliance at (212)-219-1800 x 239 or visit our website www.lawyersalliance.org for further information.