



July 2010

**Legal Alert: IRS One Time Relief for
Small Organizations that Failed to File for Three Years**

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 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.

Beginning May 15, 2010, the IRS could have revoked the exempt status of organizations that had not filed a Form 990 for the last three fiscal years. The IRS, however, has instituted a one-time relief program that gives smaller organizations until October 15, 2010, to file the Form 990 and prevent revocation of exempt status. <http://www.irs.gov/newsroom/article/0,,id=225959,00.html?portlet=7>. The IRS has posted on its website a list of those organizations that are at-risk of having their exemption revoked. <http://www.irs.gov/charities/article/0,,id=225889,00.html>.

For additional information on the Form 990-N (the Form 990 to be filed by organizations with less than \$25,000 in gross revenues) 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.