



November 3, 2010

What Non-profits should know about Tax Form 990

Form 990 or Return of Organization Exempt from Income Tax form is due to be submitted to the IRS by non-profits November 15. Ever since 2008, this Form has been substantially revised to include several reporting requirements by the IRS. There are a few pertinent changes to the form and its requirements that non-profit organizations should know.

Firstly, the IRS wants to know if all members of the governing body of the organization reviewed Form 990. If so, the 'yes' box must be marked. This indicates that every member of the governing body has been given a copy of Form 990 either in digital or physical form. The IRS also requires details of who the members of the governing body are, when and how Form 990 was reviewed by them.

Secondly, the organization must provide information of revenue-generating activities it is involved in. A list of designated activities bearing individual codes in the Form needs to be ticked accordingly. These codes relate to the activity producing the revenue, not the activity of the organization itself.

The Form also solicits details of special events that are conducted to raise funds or provide games activities. A breakdown of expenses relating to these events in terms of rental of premises, food and catering, entertainment and other direct expenses must be furnished.

In order to furnish accurate and complete information to the IRS, as a non-profit organization you are advised do the following:

1. Review the IRS website on the schedules and instructions pertaining to Form 990.
2. Review Form 990-EZ filing amounts to determine if the simplified format of the form can be used instead of the revised Form 990
3. Identify the schedules that are relevant to your organization and the corresponding personnel (officers, trustees, directors and key employees) who are to be reported on
4. Review Part VI on Governance, Management and Disclosure to familiarize yourself with the changes in governance reporting.

Beginning Jan 1, 2010, non-profit organizations can claim for the small business Health Care Tax credit. The credit is 35% of the cost of insurance premiums and applies to organizations that pay more than 50% of their employees' coverage. The rate phases out according to a determined scale. Non-profits can claim this benefit by submitting Form 990-T, even if it does not owe tax on unrelated business income.

November 15 is the deadline for non-profits to file their 2009 tax year returns or request for an extension.