

Nonprofits Have Until October 15 to File Federal Returns

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Time is running short for nonprofit organizations who haven't filed tax returns for the past three years to take advantage of a one-time relief program offered by the IRS and file past due tax returns. The Pension Protection Act of 2006 mandated that most tax-exempt organizations must file an annual return or submit an electronic notice with the IRS. It also requires that any tax-exempt organization that fails to file for three consecutive years should automatically lose its federal tax-exempt status.

The IRS is allowing nonprofit organizations, which should otherwise have filed returns for 2007, 2008 and 2009, to file the Form 990 income tax return for nonprofits, by October 15, 2010 in order to maintain and preserve their tax-exempt status. Small nonprofit organizations at risk of losing their tax-exempt status due to failure to file may include local sports associations and community support groups, volunteer fire and ambulance associations and their auxiliaries, social clubs, educational societies, veterans groups, church-affiliated groups, groups designed to assist those with special needs and a variety of others.

The IRS has published a list of the at-risk entities, which is posted for public viewing on www.irs.gov. Note that relief is not available to larger organizations required to file the full Form 990 or to private foundations that file the Form 990-PF; instead only 990-EZ or 990-N eligible filers may take advantage of the one-time relief. Organizations that have not filed the required information return by the extended October 15 due date will have their tax-exempt status revoked and will have to reapply with the IRS to regain their tax-exempt status. Any income received between the revocation date and renewed exemption may be taxable. Donors who contribute to at-risk organizations are protected until the final revocation list is published by the IRS.

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