

NEW IRS FILING REQUIREMENT FORM 990-N (e-POSTCARD)

The Requirement. Councils and assemblies (Councils) with gross receipts of \$25,000 or less are now required to file Form 990-N, the e-Postcard, with the IRS. Previously, Councils with \$25,000 or less in gross receipts were not required to file with the IRS. The Pension Protection Act of 2006 added the new filing requirement.

When. For most Councils, the Form 990-N must be filed by May 15, 2008. The actual requirement is that the Form 990-N must be filed by the 15th day of the fifth month after the end of the Council's fiscal year. If your fiscal year (not the fraternal year) ended on December 31, 2007, the form must be filed by May 15, 2008.

How. Form 990-N can only be filed electronically. (There are no paper forms.) The web address for filing Form 990-N is: <http://epostcard.form990.org>. The website is run by the Urban Institute under an arrangement with the IRS. Do not be surprised that this is not an IRS website.

Information You Will Need to File Form 990-N.

- Employer Identification Number. Your Council will need an Employer Identification Number. (This is sometimes called a Taxpayer Identification Number.)
- Tax Year. You will have to identify your tax year, for example, January 1 through December 31.
- Legal Name and Mailing Address. The legal name is the name on your charter. If your Council does not have a mailing address, you may use the mailing address of the person filing the form for the Council.
- Any other names the Council may use, if any.
- Name and address of the principal officer.
- Web address, if the Council has one.
- Confirmation that the gross receipts are normally \$25,000 or less.

Failure to File.

- If you do not file your e-Postcard on time, the IRS will send you a reminder notice.
- You will not be assessed a penalty for late filing the e-Postcard.
- **However, a Council that fails to file required e-Postcards (or information returns – Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status.** The revocation of a Council's tax-exempt status will not take place until the filing due date of the third year.

Gross Receipts. Does a Council include money collected for the MR Foundation in its gross receipts? If the Council is merely collecting funds for the MR Foundation, the MR collections are not considered as part of the Council's gross receipts. The following paragraph comes from the IRS's instructions for Form 990 and Form 990-EZ.

Gross receipts when acting as an agent. If a local chapter of a section 501(c)(8) fraternal organization collects insurance premiums for its parent lodge and merely sends those premiums to the parent without asserting any right to use the funds or otherwise deriving any benefit from collecting them, the local chapter does not include the premiums in its gross receipts. The parent lodge reports them instead.

The same treatment applies in other situations in which one organization collects funds merely as an agent for another.

Additional Information. Attached are the IRS's Frequently Asked Questions.

New Annual Electronic Notice — Form 990-N (e-Postcard) February 29, 2008 e-Postcard: Frequently Asked Questions and Answers (Excerpts)

1. Who must file Form 990-N (e-Postcard)?

Under the Pension Protection Act of 2006, most small tax-exempt organizations whose gross receipts are normally \$25,000 or less must file Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ*. Before this law was enacted, these small organizations were not required to file annually with the IRS. The first filings are due in 2008 for tax years ending on or after December 31, 2007.

3. What organizations are ineligible to file the e-Postcard?

The following organizations are not eligible to file the e-Postcard but must file different forms instead:

- Private foundations must file Form 990-PF;
- Tax-exempt organizations with annual gross receipts that are normally greater than \$25,000 must file Form 990 or Form 990-EZ; and
- Section 509(a)(3) supporting organizations that are required to file Form 990 or Form 990-EZ.

4. How do I file the e-Postcard?

The e-Postcard is filed electronically by answering fewer than ten questions in an online form. When you link to the system, you leave the IRS site and file the e-Postcard with the IRS through our trusted partner Urban Institute. The form must be completed and filed electronically. There is no paper form.

5. How much does it cost to file the e-Postcard?

Filing the e-Postcard is free.

6. Do I need to purchase a computer and software to file the e-Postcard?

No, the IRS has created a simple Internet based process for filing the e-Postcard, so organizations do not need to purchase software to file. Organizations that do not have access to a computer can go to places that provide Internet access to the public, such as their local library, to file the e-Postcard.

7. When is the e-Postcard due? How often do I need to file?

The e-Postcard is due every year by the 15th day of the fifth month after the close of your tax year. For example, if your tax year ended on December 31, 2007, the e-Postcard is due May 15, 2008. A tax year is usually 12 consecutive months. There are two kinds of tax years:

Calendar Tax Year. This is a period of 12 consecutive months beginning January 1 and ending December 31; or

Fiscal Tax Year. This is a period of 12 consecutive months ending on the last day of any month except December.

See questions 17 and 18 for what happens if you file late or fail to file.

8. Can I file the e-Postcard before the close of my tax year?

No, you cannot file the e-Postcard until after the end of your tax year.

9. What information do I need to provide on the e-Postcard?

The e-Postcard is easy to complete. All you need is the following information:

- Organization's legal name – An organization's legal name is the organization's name as it appears in the certificate of incorporation or other document that was created when your organization formed or its name was officially changed.
- Any other names your organization uses – If the organization is known by or uses other names to refer to the organization as a whole (and not to its programs and activities); commonly referred to as Doing-Business-As (DBA) names, they should be listed.
- Organization's mailing address – The mailing address is the current mailing address used by the organization.
- Organization's website address (if you have one).
- Organization's employer identification number (EIN) – Every organization must have an EIN, even if it does not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service. Most organizations would have acquired an EIN by filing a Form SS-4 prior to requesting tax-exemption. If you do not know your EIN, you may be able to find it on the organization's bank statement.
- Name and address of a principal officer of your organization – usually president, vice president, secretary, or treasurer – often specified in the organization's by-laws.
- Organization's annual tax year – Like any taxpayer, exempt organizations must keep books and reports and file returns based on an annual accounting period called a tax year. A tax year is usually 12 consecutive months that can be either calendar year or fiscal year and is often specified in the organization's by-laws.
- Confirmation that your organization's annual gross receipts are still normally \$25,000 or less, and
- If applicable, a statement that your organization has terminated or is terminating (going out of business).

10. Why do I need to provide this information?

The Pension Protection Act of 2006 added this filing requirement to ensure that the IRS and potential donors to your organization have current information about it.

11. Will I get a confirmation that I filed the e-Postcard?

Yes, you will receive an email from the filing system indicating whether your e-Postcard was accepted or rejected by the IRS. If rejected, the email will tell you who to contact to help resolve the problem. In addition, once you submit the e-Postcard to the IRS you can view the "Check Filing Status" page where you can view and print an image of the e-Postcard for your records.

12. If my information changes or I make a mistake, can I amend the e-Postcard after submitting it to the IRS?

No, you cannot file an amended e-Postcard. You can make corrections or update your information when you file your next e-Postcard.

13. How will the public get access to the e-Postcards that have been filed?

The public can view an individual organization's e-Postcard or download the entire data base of electronically filed e-Postcards at a disclosure site on the Charities and Non-Profits page of the IRS Web site.

16. Can I file Form 990 or Form 990-EZ instead of the e-Postcard?

Yes, but please note that if you choose to file an annual information return (Form 990 or Form 990-EZ) instead of the e-Postcard, you must file a complete return. An incomplete or partially completed Form 990 or Form 990-EZ will not satisfy the annual filing requirement.

17. What happens if I file the e-Postcard late?

The IRS will send you a reminder notice if you do not file your e-Postcard on time, but you will not be assessed a penalty for late filing an e-Postcard. However, it is critical that you file within the 3-year period described in questions 16 and 17.

18. What happens if I fail to file the e-Postcard or Form 990 or Form 990-EZ?

An organization that fails to file the required e-Postcard (or information return) for three consecutive tax years will automatically lose its tax-exempt status. The revocation of an organization's tax-exempt status will not take place until the filing due date of the third year. For example, if your first e-Postcard is due on May 15, 2008 (for tax year 2007) and you do not file in 2008, 2009, or by May 15, 2010, you will lose your tax-exempt

status on May 15, 2010. The IRS will not send additional notices once your tax-exempt status is automatically revoked.

19. Can an organization have its tax-exempt status reinstated if it was revoked for failing to file for three consecutive years?

Yes, but you must apply (or reapply) and pay the appropriate user fee to have your tax-exempt status reinstated if it was revoked because you failed to file for three consecutive years. Reinstatement of tax-exempt status may be retroactive if you can show that you had reasonable cause for not filing. To apply for tax-exempt status, use Form 1023, *Application for Recognition of Exemption*, (if you are a section 501(c)(3) public charity) or Form 1024, *Application for Exemption under Section 501(a)* (for other types of tax-exempt organizations).

20. How can I get the latest information about filing the e-Postcard (Form 990-N)?

For the latest information about electronically filing the e-Postcard, you can:

- Sign up for Exempt Organization's EO Update, a regular email newsletter that highlights new information posted on the charities pages of irs.gov. To subscribe go to www.irs.gov/eo and click on EO Newsletter
- Check our website at www.irs.gov/eo
- Call our customer service function toll-free at 1-877-829-5500