

## Summary of Roundtable Discussion about Chapters and the new Form 990-N St. Louis, MO - Feb. 16, 2008

The most important suggestion was to **consult your accountant** about your situation regarding the new requirements.

### **NEW FORM 990-N**

**What is it; why; who does it cover; and what information do you need to fill it out?**

This information was taken from the [www.irs.gov](http://www.irs.gov) website

Small tax-exempt organizations whose [gross receipts](#) are [normally \\$25,000 or less](#) may be required to electronically submit Form 990-N, also known as the e-Postcard.

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

### **Due Date of the e-Postcard**

The first e-Postcards are due in 2008 for tax years ending on or after December 31, 2007. The e-Postcard is due every year by the 15th day of the 5th 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. You cannot file the e-Postcard until after your tax year ends.

### **How To File**

When you link to the filing 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.

### **Information You Will Need To File the e-Postcard**

The e-Postcard is easy to complete. All you need is the following information about your organization. Click on any of the links below, if you need more information about the item.

- [Employer identification number](#) (EIN)
- [Tax year](#)
- [Legal name and mailing address](#)
- [Any other names the organization uses](#)
- [Name and address of a principal officer](#)
- Web site address if the organization has one
- Confirmation that the organization's annual [gross receipts](#) are [normally \\$25,000 or less](#)
- If applicable, a statement that the organization has terminated or is terminating (going out of business)

### **Who Must File**

Most small tax-exempt organizations with gross receipts that are normally \$25,000 or less must file the e-Postcard. Exceptions to this requirement include:

- Organizations that are included in a [group return](#), and
- [Churches](#), their integrated auxiliaries, and conventions or associations of churches.

The following organizations cannot file the e-Postcard but must file different forms instead:

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

## CHAPTERS NOT COVERED BY GROUP EXEMPTION

IF your honor society has never filed a group return or does not have a group exemption, it may be in your best interest not to file a group exemption. CONSULT YOUR ACCOUNTANT. If your chapters do not have EIN numbers, they are not covered by a group exemption and therefore, they do not share your tax-exempt status.

The con is that those chapters who do not share the 501(c)(3) status cannot offer a tax deduction for contributions through the chapter. They may be able to offer a tax deduction through the university, but not through the chapter.

The pro is that the chapter will not be required to file the new 990-N.

## THREE WAYS TO FILE THE FORM 990-N

1. Get the chapters to file the Form 990-N on their own. We all agreed that it was difficult to get chapters to file an annual report; to get them to file the Form 990-N on their own will be even more difficult.
2. Ask for the information needed for the Form 990-N on the chapter annual report and attach this information to the national honor society's Form 990 with a statement at the top of each page that these chapters do not have gross receipts greater than \$25,000 per year.
3. Ask for the information needed for the Form 990-N on the chapter annual report and fill out the Form 990-N for each chapter.

## What is the penalty for not completing the Form 990-N?

The first and second years, there is no penalty. The third year, the chapter loses its non-profit status.

We also discussed the new requirement to report EIN and Social Security numbers on the Form 990 for students or institutions which received scholarships or fellowships. We shared that none of us have a Whistleblower Policy. Most of us have developed Conflict of Interest Statements. We also discussed the process of selecting an investment firm.

Glenda Earwood

478-744-9595

Glenda@nationalald.org