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Form 990 for Small, Small Non-Profits

There are ways for the small, small non-profit to operate in harmony with the IRS without the long application process and fees.

Since the passage of the Pension Protection Act of 2008 (PPA) all organizations that qualify as tax exempt are required to file an annual return with the IRS, regardless of size unless specifically exempt by statute or IRS interpretation.

Small organizations (those with less than \$25,000 in annual gross receipts through the 2009 tax Year & those with less than \$50,000 in annual gross receipts starting in the 2010 tax year) are required to file the simplified form 990-N or “e-postcard”.

Because a “small, small organization with annual income under \$5,000 are not required to request a formal determination of their status from IRS, many (if not most) have not done so and are therefore not listed in the IRS tax-exempt database. Some small, smalls that have obtained an IRS Employers Identification Number (EIN; actually simply an entity identification number) to open a bank account have never been required to file anything else with the IRS, so will be listed as “inactive” entities.

Other small, small tax-exempts that have obtained determination letters have been placed on “inactive” Status because they have not been required to file Form 990 or Form 990-EZ annual returns because their revenues have been below \$25,000 per year. None of these types of organizations will be able to file the e-postcard until they are included as active entities in the IRS tax-exempt database, as only entities included in the database are recognized by the online filing program.

The IRS has now given some guidance about how “small, small” non-profits can file their Form 990-N’s. They need to call the IRS’s tax-exempt customer service account services number 1-(877) 829-5500, to be entered as a tax-exempt organization on the IRS database or to provide information necessary to remove the organization from “inactive” status.

Because there can be a long hold times, and there is no other way to contact the IRS about these issues, it is helpful to have as much information as possible beforehand, to save the trouble of calling back. To file the Form 990-N for the entity, a putative tax status (which category of tax-exemption is claimed) current contact information for the entity and a current officer (preferably one authorized to act for the organization in this regard) assurances that the entity is a 990-N qualified entity with gross receipts under \$25,000 (as opposed to one required to file the Form 990-EZ or full Form 990) and the entity’s Web site, if it has one (it is not required).

Source: Counselor Chuck Christiansen, Nov 2011

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