

Tax Return Filing Tips for IRS Form 990

Returns of Organizations Exempt from Income Tax

Many people rely on Form 990, 990-EZ, or 990-N as the primary or sole source of information about an organization. In those cases, how the public perceives that organization may be determined by the information presented on this form. Please make sure your 990, 990-N or 990-EZ form is complete and accurate and fully describes your organization's programs and accomplishments. The Internal Revenue Service requires that these be available for public inspection and imposes fines on organizations that do not comply with this requirement.

The following guidelines are intended to help clarify the instructions provided for filing a 990, 990-EZ or 990-N form by the IRS. They are not intended to replace those instructions or explanations of filing requirements.

Gross Income?

The PTA's gross receipts include all revenue (dues, donations, gifts, grants, etc.) before any expenses are deducted.

Information Return of Organization Exempt from Income Tax—IRS Forms 990 and 990-EZ (IRS is revising these forms for tax year 2008 forms to be filed in 2009)

Your PTA may be required to file an annual information return of their income and expenses on Form 990 (Return of Organization Exempt from Income Tax) and other related information forms provided by the IRS, such as Schedule A and Form 990-T. The IRS normally sends such forms to tax-exempt organizations, but the responsibility of filing lies with the PTA treasurer, whether or not such forms are received.

If a PTA receives a Form 990 package in the mail, with an addressed mailing label, but is not required to file because its annual gross income is normally not more than \$25,000, the treasurer should proceed as follows:

- Attach the label in the name and address space on the Form 990.
- Check box K (in the area above Part 1) to indicate that the PTA's gross receipts are below the \$25,000 filing minimum.
- Sign the return.
- **Keep a copy for the PTA's permanent records** and send the original to the area IRS service center by registered mail.

The treasurer does not have to complete Parts I through IX.

If the PTA's annual gross receipts are normally more than \$25,000, the PTA has an obligation to complete and file Form 990 and Schedule A, whether or not it received them in the mail.

If in any year the PTA's gross receipts are less than \$100,000 and total assets are less than \$250,000, the treasurer may file Form 990-EZ instead of Form 990.

Forms 990 and 990-EZ are due by the 15th day of the fifth month after the close of the PTA's fiscal year. For example, if the PTA's fiscal year-end is June 30, the form is due November 15.

If the return is filed late, a penalty of \$20 a day may be charged. The penalty is not to exceed the lesser of \$10,000 or 5 percent of the organization's gross receipts for the year. Also, a penalty may be charged if the return is filed incorrectly or incompletely.

If the PTA is required to submit a completed Form 990 or 990-EZ, it must submit a Schedule A as well.

If the PTA makes more than \$1,000 in unrelated business income, it must file a Form 990-T as well.

If the PTA has made significant changes to its bylaws (i.e., change in fiscal year, change in governance/structure), a copy of the updated bylaws should be submitted to the IRS with the completed Form 990 or 990-EZ.

If the PTA wishes to request an extension of time to file Form 990 or 990-EZ, it should complete and file Form 8868 with the IRS before the deadline determined by the close of the PTA's fiscal year.

Form 990-N Annual Electronic Filing Requirement

PTA units will be required to electronically submit Form 990-N, also known as the e-Postcard, beginning 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 following the close of your organization's tax year. Items you need to know to file the e-Postcard:

- Employer identification number (EIN)—also known as TIN
- Tax year
- Organization's legal name and mailing address
- Any other names the organization uses
- Name and address of a principal officer
- Website address of the organization (if there is one)
- Confirmation that the organization's annual gross receipts are normally \$25,000 or less
- If applicable, a statement confirming that the organization has dissolved or is dissolving

The IRS will revoke your PTA's tax-exempt status if it fails to file the required tax forms for three consecutive years.

How Does a PTA Request an Extension?

File Form 2758 to request an extension of time for filing the return. Two three-month extensions may be requested.

Can PTAs Lobby?

Yes, within the limits of the laws governing 501(c)(3) organizations. Most PTAs are non-electing public charities and may not devote more than an insubstantial part of their activities (generally interpreted as not exceeding 5 percent of gross income) on lobbying activities.

What Is Considered Lobbying?

A non-electing public charity, 501(c)(3), will generally be regarded as lobbying if the organization:

1. Contacts, or urges the public to contact, members of a legislative body for the purposes of proposing, supporting, or opposing legislation or the government budget process, or
2. Advocates the adoption or rejection of legislation.

Some lobbying activities might be, but are not limited to:

Sending letters or publications to government officials or legislators

Meeting with or calling government officials or legislators

Sending or distributing letters or publications (including newsletters, brochures, etc.) to members or the general public

Using direct mail, placing advertisements, issuing press releases, holding news conferences

Holding rallies or demonstrations

For more information concerning completion of Forms 990, 990-EZ, 990-N or Schedule A, please refer to the *PTA Money Matters Quick Reference Guide* at: http://www.pta.org/reference_guides.asp

You can also request package 990-2 from the IRS by calling 1-800-TAX-FORM.

- Information provided by National PTA, 2008