

CLIENT REPORT:

New Filing Requirement for Small Tax Exempts

Dear Client:

Small tax-exempt organization with gross receipts of \$25,000 or less, may be required to file Form 990-N, "Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ." Small organizations were not required to file annual information with the IRS before the Pension Protection Act of 2006 enacted the filing requirement to ensure that the IRS and potential donors have current information about your organization.

Certain organizations are ineligible to file e-Postcards such as private foundations; Code Sec. 527 (political) organizations, tax-exempt organizations with annual gross receipts that are normally greater than \$25,000, and Code Sec. 509(a)(3) supporting organizations. Additionally, organizations that are included in a group return, as well as churches, their integrated auxiliaries, and conventions or associations of churches are not required to file the e-Postcard.

Small organizations will need to provide the following information:

- * Organization's legal name;
- * Any other names your organization uses;
- * Organization's mailing and website address;
- * Organization's employer identification number (EIN);
- * Name and address of a principal officer of your organization;
- * Organization's annual tax year;
- * Whether the organization's gross receipts are normally \$25,000 or less; and
- * Whether the organization has gone out of business.

The IRS has created a simple internet based process for filing the e-Postcard, so organizations can go to their local library or other places that provide internet access to the public to file the e-Postcard. A completed e-Postcard is filed for free with the IRS by answering a few questions in an online form; there is no paper form. You will need an email so you can be notified whether your e-Postcard was accepted by the IRS.

The e-Postcard is due every year by the 15th day of the fifth month after the close of your tax year. The first filings are due in 2008 for tax years ending on or after December 31, 2007. If your e-Postcard is not filed timely, the IRS will send you a reminder notice but you will not be penalized. Nevertheless, if you fail to file required e-Postcards for three consecutive years, you will automatically lose your tax-exempt status, which will take place upon the filing due date of the third year.

If you would like additional information regarding the Form 990-N as well as how to complete or submit the form, please give us a call. We will be more than happy to assist you.

Sincerely yours,