

Has Your Tax-Exempt Status Been Revoked?

Q: What are the options for a small not-for-profit entity that has recently lost its IRS-granted tax-exempt status?

A: A tax-exempt organization's annual IRS filing requirement changed effective with the organization's requirement to file its 2007 return. Most small tax-exempt organizations, normally having gross receipts of \$25,000 or less (\$50,000 for years beginning January 1, 2010), are now required to annually file an IRS Form 990-N Electronic Notice (Postcard). Unfortunately, many small tax-exempt organizations are, or have been, unaware of this new filing requirement. Tax-exempt organizations that failed to file an annual return for three consecutive years (2007, 2008, and 2009) would automatically lose its tax-exempt status. On June 8, 2011, the IRS published the initial automatic revocation of exemption list for not-for-profit organizations. Contributions to these organizations are no longer tax deductible and these organizations may be subject to taxation.

A small not-for-profit organization may be eligible to have its exemption reinstated if:

- it was not required to file a Form 990 or Form 990-EZ for taxable years beginning before 2007; and,
- it was eligible to file Form 990-N for each of the years beginning 2007, 2008, and 2009.

Other not-for-profit organizations who lost their exemption and who are ineligible for small organization status can also seek reinstatement.

If your not-for-profit organization has had its exemption status revoked but is still operating, it would be in your organization's best interest to act promptly for reinstatement.

For further information about IRS annual filing requirements for tax-exempt organizations, please contact:

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