



Revised Form 990—an overview

In December of 2007, IRS issued an updated version of Form 990, Return of Organization Exempt From Income Tax—the annual return most tax-exempt organizations must use to report information about their operations—to be used for the 2008 tax year (to be filed in 2009). Form 990 was revised, the IRS explained, to provide transparency and accountability and to keep pace with changes in the law and with the increasing size, diversity, and complexity of the tax-exempt sector.

Most significant changes. The 2008 Form 990 consists of an 11-page core form that must be completed by each Form 990 filer. The form also has 16 schedules designed to require reporting of information from those organizations that conduct particular activities, for example, political campaign and lobbying activities, schools, and hospitals.

The most significant changes in the revised Form 990 include a front page summary providing a snapshot of key financial and operating information, a governance section, and revised compensation and related organization reporting.

When is the new form effective? The new Form 990 is effective for 2008 tax year returns filed beginning in 2009 (the 2008 calendar year or fiscal year beginning in 2008). Organizations can't use the 2007 form for the 2008 tax year, but must use the new form instead. However, special transition rules apply for 2008 and 2009. Most organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 may choose to file the new Form 990 or a Form 990-EZ for the 2008 tax year. Similarly, most organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 may choose to file the new Form 990 or a Form 990-EZ for the 2009 tax year. Beginning with the 2010 tax year, the Form 990-EZ thresholds are permanently set at less than \$200,000 gross receipts and less than \$500,000 total assets. In addition, special transition rules are available for organizations that must file the form's new hospital and tax-exempt bond schedules.

Which schedules must be completed? To increase reporting compliance, the revised Form 990 replaces existing unstructured attachments with formal schedules and adds new schedules for reporting foreign activities, non-cash contributions, hospitals, and tax-exempt bonds, and collecting information not previously required. Each organization that files the new form must complete all parts of the core form (Parts I through XI), and provide certain narrative responses on Schedule O. By completing Part IV, Checklist of Required Schedules, the organization can determine which additional schedules, if any, it must complete.

The number of schedules in the revised Form 990 have increased from two (Schedule A, Organization Exempt under Section 501(c)(3), Supplementary Information, and Schedule B, Schedule of Contributors) to 16. The previous form's unstructured attachments have been converted into six schedules (Schedules D, G, I, J, L, and N). The previous Schedule A is separated into four separate schedules (A, C, E, and R). New information is reported in five schedules (Schedules F, H, K, M, and O).

Filing by group members. Organizations that are members of a group that has a group ruling can continue to file as part of a group return. The present filing eligibility requirements for group returns have not changed. How group return filers should complete the form and schedules is explained in Appendix E (core form instructions), Group Returns—Reporting on Behalf of the Group.

Organization's State reporting requirements. These are determined by the individual states, many of which require certain tax-exempt organizations to file a Form 990 or Form 990-EZ. Organizations should check with their respective states to determine their state filing obligations. Various differences between IRS and State filing requirements are addressed in Appendix I (core form instructions), Use of Form 990 or 990-EZ to Satisfy State Reporting Requirements.

Preparing for the 2009 filing season. Organizations should consider taking these steps before the end of their 2008 tax year to be fully prepared:

- Review the new Form 990-EZ filing amounts to determine whether the simplified form can be filed instead of the revised Form 990 for the 2008 tax year.
- Review the draft form, schedules, and instructions available on IRS's website to become familiar with the new form, schedules, and instructions.
- Begin identifying those schedules they may be required to complete, and their related organizations, officers, directors, trustees, and key employees, which require special reporting.
- Review Part VI, Governance, Management, and Disclosure, to become familiar with the new governance reporting, and determine whether to implement any changes in existing governance policies and practices before the end of their 2008 tax year.

Please keep in mind that this is only an overview of the new Form 990. If you would like further information on how to complete the revised form, please contact our office.

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