

Hall, Render, Killian, Heath & Lyman is a full service health law firm with offices in Indiana, Kentucky, Michigan and Wisconsin. Since the firm was founded by William S. Hall in 1967, Hall Render has focused its practice primarily in the area of health law and is now recognized as one of the nation's preeminent health law firms serving clients in multiple states. For more information visit www.HallRender.com.

Office Locations

Indiana Offices

Downtown

One American Square
Suite 2000
Indianapolis, IN 46282
(317) 633-4884
Contact: Chad Sukurs

North Office

8402 Harcourt Road
Suite 820
Indianapolis, IN 46260
(317) 871-6222
Contact: Jim Willey

Kentucky Office

614 West Main Street
Suite 4000
Louisville, KY 40202
(502) 568-1890
Contact: Bill Roberts

Michigan Office

Columbia Center, Suite 315
201 West Big Beaver Road
Troy, MI 48084
(248) 740-7505
Contact: Michael Philbrick

Wisconsin Office

411 E. Wisconsin Avenue
Suite 900
Milwaukee, WI 53202
(414) 721-0442
Contact: Greg Melgares

Contact Us

hallrender@hallrender.com

New IRS Form 990-N Requires Small Tax-Exempt Organizations to File Annual Electronic Notice

Beginning in 2008 for tax periods beginning after December 31, 2006, the Internal Revenue Service ("IRS") Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ* (the "e-postcard") will require some small tax-exempt organizations, previously not required to file an annual report, to file an electronic notice.

Background

Tax-exempt organizations with gross receipts at or below \$25,000 are not required to file IRS Form 990 or IRS Form 990-EZ. However, with the enactment of the Pension Protection Act of 2006 ("PPA"), small exempt organizations must file an annual notice with the IRS using IRS Form 990-N known as the e-Postcard. The PPA contains numerous provisions that change the tax laws applicable to tax-exempt organizations. Some of the more significant changes include: 1) doubling the excess benefit penalty excise taxes, 2) changes in charitable contribution deductions, and 3) requiring 501(c)(3) organizations filing unrelated business income tax returns to make them available for public inspection.,

IRS Form 990-N

In July 2007, small tax-exempt organizations will receive educational information regarding the e-Postcard they may be required to file annually. Although the electronic filing procedures have not yet been publicized, the IRS has stated that no paper form of the e-Postcard will be forthcoming. Therefore small tax-exempt organizations should be prepared to file electronically.

There are three major exceptions to the e-Postcard filing requirement. The following types of organizations will not be required to file the e-Postcard:

- Organizations included in a group return;
- Private Foundations required to file Form 990-PF; and
- Section 509(a)(3) Supporting Organizations required to file Form 990 or Form 990-EZ.

Conclusion

Under the PPA, the IRS must revoke the tax-exempt status of any organization that fails to meet its annual filing requirement for three (3) consecutive years. The e-Postcard will be included as one of such annual filing requirements beginning in 2008. Therefore, small tax-exempt organizations should be aware that failure to file the e-Postcard for three (3) consecutive years will result in a revocation of tax-exemption as of the filing due date of the third year.

About the Authors:

James R. Willey is a shareholder in the Indianapolis-North office of Hall Render. Jim concentrates his practice in the areas of Exempt Organizations, Federal Taxation, Corporate and Business Organizations, Mergers and Acquisitions, and Corporate Transactions. He is admitted to practice in Indiana and the U.S. Tax Court and can be contacted at (317) 338-9135 or by e-mail at jwilley@hallrender.com.

Charles P. Sukurs is an attorney in the Indianapolis-Downtown office of Hall Render. Chad concentrates his practice in the areas of Exempt Organizations, Mergers and Acquisitions, Corporate Transactions, and Hospital-Physician Business Ventures. He is admitted to practice in Indiana and can be reached at (317) 977-1452 or by e-mail at csukurs@hallrender.com.

This publication is intended for general information purposes only and does not and is not intended to constitute legal advice. The reader must consult with legal counsel to determine how laws or decisions discussed herein apply to the reader's specific circumstances.