



**Last Chance to Save Your Tax Exempt Status:
One-Time Filing Relief Program for Tax-Exempt Organizations Ends October 15, 2010**

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New Jersey arts organizations take note: the IRS is giving you one last chance to come into compliance with their new annual filing requirements. By taking action by October 15, 2010, smaller arts organizations who have failed to file an annual information return (990-N or 990-EZ) for the last three years may be able to avoid automatic revocation of their tax-exempt status.

The One-Time Filing Relief Program for Tax-Exempt Organizations is an effort by the IRS to assist smaller exempt organizations who have failed to comply with the new provisions set forth in the Pension Protection Act of 2006 (Pub. L. No. 109-280). This legislation changed the landscape of exempt organization compliance by requiring all exempt organizations (except churches and related entities) to file an annual return or notice with the IRS. Any organization failing to comply with these new requirements for three consecutive years would have its exempt status automatically revoked by law. Although reinstatement is possible, an organization whose exempt status has been revoked as a result of failing to file must go through all the formal application procedures for tax-exempt status including filing a new Form 1023 and paying the appropriate application fee. Furthermore, and quite significantly, any income received during the period of revocation will be fully taxable.

Despite extensive outreach on behalf of the IRS, it is evident that the managers of many small organizations are either confused or unaware of the risk they face by failing to file their annual returns. In an effort to address this issue, the IRS is offering smaller exempt organizations one-time filing relief to come back into compliance with the requirements. Organizations with annual gross receipts of \$25,000 or less must simply file the on line Form 990-N (e-Postcard) which asks for eight basic items of information regarding the organization. Larger exempt organizations eligible to file the Form 990-EZ must file their three delinquent returns and pay a compliance fee of \$100-\$500 depending on the size of the gross receipts reported on their 2009 returns. In either case, so long as the information is filed by October 15, 2010, the organization's exempt status will not be revoked. The program is not applicable to larger organizations required to file Form 990 or private foundations required to file Form 990-PF.

For the managers of those organizations that may not be aware whether they are at risk of losing their exemption, the IRS has posted a list of “at-risk” organizations on its website: <http://www.irs.gov/charities>. It should be noted, however, that the IRS has indicated that the list may be incomplete and, as such, organizations should be sure to check their own records or contact the IRS directly (877-829-5500) to determine whether they are in compliance with the filing requirements. According to the IRS, only approximately 50,000 of 350,000 listed organizations had taken advantage of this voluntary compliance program by the first filing deadline on May 17, 2010.

For more detailed information on the One-Time Filing Relief Program for Tax-Exempt Organizations, visit the IRS site at: <http://www.irs.gov/charities>. There is a great deal of information on the site, including links to various forms, news releases, an internal compliance memorandum, frequently asked questions, and a link to the IRS’ outreach program that includes fact sheets, an explanatory publication, and a link to a YouTube video titled “Tax Tips: Small Tax Exempt Orgs Revised Deadline – July 2010.”

In a time where charitable giving to the arts is at an all-time low, smaller arts organizations should not risk losing their exempt status. It is therefore imperative that all noncompliant organizations eligible for this one-time relief program take the time to comply with the law.

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