

Government Reporting Requirements

Tax exempt does not mean tax free!

State Information Updates

Having successfully filed your articles, you must keep your information up to date by filing some sort of information update form, usually each year. Your state will probably send this form to your registered agent when needed. Failure to file can put your corporation at risk of automatic dissolution. Since these forms are easy to fill out (see the example on the *SfS* website), and the associated fee, if any, is usually low (\$20 in Michigan), there's little reason to procrastinate. Several states, including Michigan, now make it possible for you to do such filings online, and prefer that you do so (see www6.dleg.state.mi.us/corpsfilings/).

Exempt Organization Return (IRS Form 990)

Almost every tax-exempt organization must file an annual information return. The most widely used returns are IRS Form 990, *Return of Organization Exempt from Income Tax*, and Form 990EZ. Form 990EZ is a shortened version of Form 990 designed for use by small organizations. Form 990EZ is available if your annual gross receipts are less than \$100,000 and its total assets at year end are less than \$250,000.

Unless specifically excluded (religious organizations, etc.), every type of tax exempt organization is required to file. Those with annual gross receipts of more than \$25,000 must file Form 990 or Form 990EZ.

Form 990 is an information return or reporting form, not a tax return. The organizations that file these forms do not pay federal tax on income related to their exempt purposes and programs. Nonprofits with unrelated business income report that on Form 990-T, which is a tax return. 990's become public information, and are available upon request from IRS, and often online at www.guidestar.org.

The filing deadline for Form 990 is the 15th day of the 5th month after your organization's accounting period ends. For example, if your fiscal year ends on June 30, your 990 will be due the following November 15. You can get an automatic three-month extension by submitting Form 8868 to the IRS, and another three-month extension is usually permitted if