

## A Correct and Timely Form 990 (990-EZ, 990-N, or 990)

### Who should File

The Pension Protection Act of 2006 enacted critical changes in reporting requirements for non-profit organizations. For tax years beginning after December 31st, 2006, all PTA units must report their financial activity to the IRS.

If you would like additional information about this new filing requirement, including notification when the filing system is ready, or information about other new developments, subscribe to Exempt Organization's EO Update, a regular e-mail newsletter that highlights new information posted on the Charities pages of [irs.gov](http://irs.gov).

### Which Form to File

Which 990 form your unit needs to file depends on your gross receipts.

- If your gross receipts are less than \$50,000 you need to FILE a **990-N**.
- If your gross receipts are between \$50,000 and \$100,000 you need to FILE a **990-EZ**.
- If your gross receipts are over \$100,000 you do need to FILE a **990**.

### When to File

The return is due on the 15<sup>th</sup> day of the 5<sup>th</sup> month after the close of your fiscal year. So, if your year-end is June 30, the return must be filed by November 15.

### Gross Receipts

Don't confuse gross receipts with net income. Gross receipts are all the monies you take in before deducting your expenses.

The 990 instructions and forms can be downloaded at [www.irs.gov](http://www.irs.gov). Copies of Ex"Sample" PTA's 990-EZ and supporting documents are included on the MT PTA Website. If you have any questions regarding which form your unit should file or with questions on completing the form, the Montana PTA Treasurer will be happy to help you. Please feel free to call or email: [treasurer@montanapta.org](mailto:treasurer@montanapta.org) with your questions.

### **Filing a correct and timely 990 (990-EZ, 990-N, or 990) is important for many reasons.**

- This return is a public document and must be provided upon request. In fact, the current return and returns for the prior two years are public documents and must be provided when requested. If the PTA does not have a permanent office it must provide a reasonable location for the requester to view the return. PTAs can mail a copy of the return and can charge a reasonable amount for postage and copying but only if the requester asks for the return to be mailed. For a request made in person the response must be immediate. For a request made by mail it must be provided within 30 days. IRS can assess a penalty of \$20 for each day the return is not provided up to a maximum of \$10,000 per return.

- Because the return is a public document it can and should be used to showcase your organization. Of course the numbers need to be correct but, in addition, you can use the numbers to show your accomplishments. Part III in both form 990 and 990-EZ, Statement of Program Service Accomplishments, can be used to clarify, emphasize, and brag about the good things that your PTA does. If you file a form 990, you also have Part II, Statement of Functional Expenses, where you can demonstrate how your funds are used primarily for program services, which translates to services to members.

Form 990 and 990-EZ of more than 220,000 public charities, 501(c)(3)s, are posted on [www.Guidestar.org](http://www.Guidestar.org) annually. PTAs are included in this group. Vendors, donors, other charities, members, and potential members are some of the entities that may go to this website to get information about non-profits. They view 990s to see what the mission of the charity might be and if the charity is supporting their mission based on the information contained in the return.

More specific rules for who is required to file can be found in the financial information provided by National PTA in the *President's* Quick Reference Guides under the *Budget Basics* and the *Money Matters* guide for treasurers. Additional instructions are found on the IRS website, [www.irs.gov](http://www.irs.gov).

#### Failure to Comply

If your PTA is required to file and does not, you may be subject to a penalty of \$20 per day not to exceed the lesser of \$10,000 or 5 percent of the gross receipts of the organization. It is much harder to convince the IRS to forgive the penalty than it is to not incur the penalty. IRS is especially unforgiving when penalties have been incurred in the past for the same offense. This penalty must also apply if an incorrect return is filed. It is the fiduciary responsibility of the board of directors of the PTA to file the return or to see that the return is filed correctly and in a timely manner. While paperwork may not be the most popular part of your duties as an officer or board member of your PTA, it is a legal responsibility that the IRS takes very seriously.

If you are unable to file the return on time, Form 8868, Application for Extension of Time to File, should be filed granting your PTA a three-month extension.

Failure to comply with these new reporting requirements will result in revocation of your tax exempt status.