

**CLIENT ALERT: JULY 27, 2010**

**IRS POSTS LIST OF AT-RISK TAX EXEMPT ORGANIZATIONS AND  
OFFERS SHORT TERM RELIEF FOR SMALL CHARITIES**

The Internal Revenue Service (the “IRS”) has posted a list of organizations at risk of losing their tax exempt status for failing to file annual returns (990, 990-EZ, 990-N, and 990-PF) for three consecutive years: <http://www.irs.gov/charities/article/0,,id=225889,00.html> We recommend that all tax exempt organizations confirm that they are not on this list, as we believe that there may be errors based upon our review of the list. If your organization appears on the list in error, please contact us.

If your organization has failed to make annual filings for three consecutive years, you may be able to take advantage of a short term relief program offered by the IRS. Although the deadline for tax exempt organizations with a fiscal year end of December 31<sup>st</sup> to file annual returns was Monday, May 17, 2010, under the relief program, small nonprofits (nonprofits who normally file 990-N or 990-EZ) will have until **OCTOBER 15, 2010** to file the required returns with the IRS. Two types of relief are available, depending on the size of the organization:

- **A Filing Extension for 990-N Filers:** Most tax exempt organizations with annual gross receipts of \$25,000 or less can simply file a Form 990-N (known as an “e-postcard”) no later than October 15, 2010. The e-postcard can be filed electronically, using the following link: <http://epostcard.form990.org>
- **A Voluntary Compliance Program for 990-EZ Filers:** To take advantage of the voluntary compliance program, tax exempt nonprofits with incomes between \$25,000 and \$1 million and total assets of less than \$2.5 million must file their delinquent Form 990-EZ annual returns, enclose a signed checklist, and pay a compliance fee, ranging from \$100 to \$500 depending on the size of the organization. The checklist and filing instructions can be found at the following link:  
<http://www.irs.gov/charities/article/0,,id=225704,00.html>

For more information about revocation for failure to file annual returns, see the following link:

- <http://www.kb-law.com/articles/documents/ClientAlert-FailuretoFileAnnualReturnsleadstolossoftaxexemptstatus4.pdf>

If you have any questions, please contact Sheryl Howard at 617-482-7211 or showard@kb-law.com.