



Reinstating tax-exempt status

The importance of timely filing of 990 Forms recently became very clear to 275,000 nonprofit organizations. Those organizations had their tax-exempt status revoked by the IRS for failure to file legally-required forms for three consecutive years. It is possible that many of the organizations are no longer in business. For those that were unaware or negligent, the IRS provided special provisions and instructions to reapply for tax exemption. Organizations are eligible for a reduced filing fee as long as the application is postmarked no later than December 31, 2012.

Here are the details of how a nonprofit organization should go about requesting reinstatement if exemption is lost due to failure to file a tax return:

Provide a written request with back up evidence of the statements that:

- Detail the reason why the organization failed to file the required forms for each of the three consecutive years
- Describe the procedures put in place to ensure that the organization will make proper filings in future years

Complete and execute the following:

- Annual information returns for the three consecutive years that the organization failed to file, along with any information returns for subsequent years
- Form 990-EZ for the same three-year and subsequent tax years (due to failure to file a Form 990-N e-Postcard and/or annual information return)

Finally, a statement must be signed and dated by a director, officer, trustee or other authorized signer to declare the accuracy of the information under penalties of perjury.

For additional information about the 990, review the categories on this blog that contain specific information about the Form 990.