

SIGNIFICANT REVISIONS TO FORM 990 DRAFT INSTRUCTIONS RELEASED!

The Internal Revenue Service (IRS) has released a new redesigned Form 990 effective for tax returns filed for the 2008 tax year in 2009. Organizations with either a 2008 calendar year or a fiscal year beginning in 2008 should file the new Form 990. The requirement to file the new Form will be phased in using the following schedule:

Must file form 990:	If Gross receipts are: or	If Total assets are:
For 2008 return	≥ \$1 million	≥ \$ 2.5 million
For 2009 return	≥ \$500,000	≥ \$1.25 million
For 2010 return	≥ \$200,000	≥ \$500,000

If an organization does not meet these requirements, then it will be able to file a Form 990-EZ. Organizations with gross receipts of \$25,000 or less that are not required to file the Form 990 or 990-EZ must now file Form 990-N, Electronic Notice (e-Postcard). Although the instructions are in draft form, the IRS does not expect any significant changes before final release late in 2008.

The new redesigned Form 990 is an 11-page form that includes 16 separate schedules, which are applicable if certain requirements are satisfied.

The new redesigned Form 990 includes a Governance section that asks questions about whether an organization has:

- Independent directors;
- A conflict of interest policy;
- Documentation of meetings;
- Document retention and destruction policies;
- A whistleblower policy.

Important changes were made to the reporting of compensation. The revised instructions address definitions of officer, director or trustee, and key employee. Reporting thresholds have increased, but reportable compensation must be shown for all 990 Filers, including social welfare organizations, business leagues, trade associations, and social clubs. Questions are asked about the policies used to determine and approve compensation. Reporting of compensation by unrelated organizations is expanded.

Other significant changes include:

- Testing for public charity status over 5 years rather than 4 years;
- Supplemental financial statement reporting;
- Enhanced fundraising, special events and gaming schedule.

There are new requirements for organizations maintaining donor advised funds; conservation organizations; museums and other organizations maintaining collections; credit counseling; custodial arrangements; and endowments.