

To: Presidents of 9SW Lions Clubs
From: DG Diana
RE: 990N tax reporting
Date: September 7, 2012

Each year since tax year 2007 Lions Clubs are required by law to file a 990-N form **by NOVEMBER 15** with the Internal Revenue Service in order to maintain their nonprofit status. Organizations who fail to file for 3 years will have their nonprofit status revoked automatically and be subject to paying income tax on all income, including dues.

While the vast majority of clubs in 9SW have filed, some clubs have never filed and several are not up to date in their filing. This memo is designed to assist all clubs, even those who have been filing.

I have been talking to a CPA and to a help line from the IRS. If you have further questions, call the IRS toll free at 1-877-829-5500. But pour yourself a cup of coffee and be prepared to wait for a while!

Questions you may have might include the following.

1. How do I know if my club has been filing every year or at all? **The answer is found on line so fire up your computer.**

In the address box of your computer browser type in **www.irs.gov** to get to the IRS home page; then follow these links:

Click on **Filing** in the gray box on the top left of the page>>>>>Click on **Charities & Non-Profits**>>>>> click on **Exempt Organizations Select Check** >>>>>>>click on large blue rectangle **Exempt Organizations Select Check Tool** >>>>>>>select **Limit Search to Have Filed Form 990N (e-postcard)**

Now you have a small form to fill out. You do not need your EIN even though it asks for one. Just fill out your club name, town, city, state, zip and click on **SEARCH**.

You will get a list of non-profits in your zip code that have already filed and what year they have filed. Look for **International Association of Lions Clubs**. Your club name will also be listed under International Assoc of Lions Clubs.

If you have not yet filed for tax year 2011, you will need to **file an e-postcard before November 15**.

Note: if the person who filed for your club doesn't live in your town, he/she may have filed under his/her hometown, not the town the club is in. So the record would be under that person's zip code, not the zip for the club's town. Check out that club member's zip instead of the club's zip code.

2. How do I file an e-postcard?

In the address box of your browser type in **www.irs.gov** to get to the IRS home page; then follow these links:

Click on **Filing** in the gray box on the top left of the page>>>>>Click on **Charities & Non-Profits**>>>>> click on **E-file for Charities & Non-profits**>>>>>>>>

then halfway down the next page in blue click on **e-postcard (Form 990-N)**>>>>>>> then on the next page, look in the **box called "How to File"** and click on **here** (printed in blue)>>>>>>>>>>>>>>>>>>>>>>Next screen click on **Leave IRS website** button.

Have your EIN for your Lions Club ready and follow the steps.

If you have never filed this before, then you will need to register as a new user; see links on the right side of the page. If you have changed your address or email since the last time you filed for your club, you will need to make those changes.

OR before filing,

To see if your club has filed in the past, look to the right and click on **Edit/View existing e-Postcard.**

OR you might have to register as a new user first (see top line of set of choices on the right). Then click on "Edit/View"

You will be able to see what years your club has filed. If it has not filed, I am guessing that nothing will show up. Then you will need to apply for non-profit status, using the attached forms and information.

OR Call the IRS help line 1-877-829-5500 M-F 8:00 am to 5:00 pm local time to make sure what you need to do.

3. What if my club filed, but hasn't filed for a couple of years?

If you are within the 3 year limit, then go ahead and file for each year you have missed. You will need to repeat the steps for each year and submit for each year separately until you get to 2012. (2012 filing is for tax year 2011)
If you are overdue, you may have already been informed you have lost your tax -exempt status. If you are borderline, go ahead and attempt to file anyway. If the website allows you to file, you should be OK.

4. What do we do if my club has never filed? Your club's nonprofit status has been automatically revoked.

SO
Before December 31, 2012, you must apply for reinstatement by use of form 1024 and form 8718. A user fee is applicable, which is \$400 for most cases. BUT you may apply for a reduced fee of \$100 if you qualify. Below is the statement which refers to qualifying for the reduced fee. The following is from the IRS website.

ELIGIBILITY FOR TRANSITIONAL RELIEF

The IRS recognizes that many small organizations that have lost their tax-exempt status because they failed to file a Form 990-N e-Postcard for their 2007, 2008, and 2009 taxable years were never required to file an annual return or notice prior to their 2007 taxable year. The IRS also recognizes

that many small organizations are operated by volunteers and may face unique challenges in meeting federal tax obligations. Accordingly, the IRS will treat a small organization (one that normally has annual gross receipts of not more than \$50,000 in its most recently completed taxable year) as having established reasonable cause for failing to file a Form 990-N e-Postcard or an annual return for its taxable years beginning in 2007, 2008, and 2009 if it meets each of the following criteria:

- The organization was not required to file annual information returns (such as Form 990, *Return of Organization Exempt from Income Tax* or Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*) for taxable years beginning before 2007.
- The organization was eligible in each of its taxable years beginning in 2007, 2008, and 2009 to file a Form 990-N e-Postcard (rather than an annual information return). Generally organizations (other than private foundations and most section 509(a)(3) supporting organizations) with annual gross receipts that were normally not more than \$25,000 in such taxable years would have been eligible to file a Form 990-N e-Postcard.
- On or before December 31, 2012, the organization submits to the IRS a properly completed and executed application for reinstatement of tax-exempt status.

An organization's annual gross receipts are "normally not more than" \$25,000 or \$50,000 in a taxable year if its average annual gross receipts for that taxable year and the two taxable years immediately preceding it are not more than \$25,000 or \$50,000, respectively. *See* Rev. Proc. 2011-15, 2011-3 I.R.B. 322, section 4.

The IRS will reinstate the tax-exempt status of a small organization that meets the above criteria retroactive to the date it was revoked.

(Boldface is mine)

I will attach the forms with another email and a letter you will want to send along explaining how your club has missed the filing dates and because you are small, will qualify for the reduced fee of \$100.

I hope you find this helpful.

DG Diana

