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For Immediate Release

IRS Releases New Form 990-N

Bethesda, MD, February 25, 2008 – The Internal Revenue Service has recently released new 2007 Form 990-N, Annual Electronic Filing Requirement for Small Exempt Organizations, also known as the e-Postcard. Filing of Form 990-N is now required for small tax-exempt organizations whose annual gross receipts are normally less than \$25,000. In prior years, these smaller organizations were not required to file either of the annual returns applicable to most exempt organizations (Form 990 and 990-EZ).

The IRS estimates that there are tens (or even hundreds) of thousands of exempt organizations in the IRS database that are either inactive or no longer exist. However, because these small entities were not required to file annually, the IRS was not able to distinguish between entities that were small, those that were temporarily dormant, and those that are no longer in existence. Accordingly, the IRS could not purge its files of the terminated entities. The e-Postcard was created, in part, to help identify those that are still in existence.

The e-Postcard requires minimal information (name, address, Federal employer identification number, contact information, etc.) and may only be filed electronically. There is also an opportunity for the responder to declare that the entity has terminated (or is in the process of terminating). The e-Postcard is due four-and-a-half months after the year-end (May 15 for calendar year entities). There is no penalty for not filing in any one year, but failure to file for three successive years will result in loss of tax exemption. This will allow the IRS to clean up its records.

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Gelman, Rosenberg & Freedman, CPAs, recommends that nonprofit organizations file the e-Postcard if they have dormant related entities that they either wish to maintain or have legally terminated. Because of the minimal information required on Form 990-N, we believe that Form 990-N should be easily prepared by the organization. While we don't anticipate an organization having questions about the form's content, we can answer questions you may have. Additionally, information on the e-Postcard can be found at the IRS website <http://www.irs.gov/charities/article/0,,id=169250,00.html>.

Bethesda, Maryland-based Gelman, Rosenberg & Freedman, CPAs (www.grfcpa.com) has been part of the Washington, DC metropolitan community for over 25 years. The firm provides accounting, auditing and consulting services to an extensive client base of nonprofit organizations, for-profit corporations including government contractors, research and development firms, retail businesses, professional service firms, partnerships, trusts, and individual clients. GRF is a full-service accounting firm with national and international affiliations.

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