**NON-PROFIT TAX COMPLIANCE**

**FEDERAL INFORMATION RETURN**

All tax-exempt organizations are required to file annual information returns with the Internal Revenue Service (IRS). These forms are known as 990, 990-EZ, 990-N or 990-PF. You need to file them to make sure your non-profit remains compliant with IRS rules — this means you can maintain your 501(c)(3) tax exempt status.

The [IRS requires](https://www.irs.gov/charities-non-profits/exempt-organization-public-disclosure-and-availability-requirements) all U.S. tax-exempt nonprofits to make public their three most recent [Form 990 or 990-PF](https://grantspace.org/resources/knowledge-base/what-is-a-990-990-pf/) annual returns and all related supporting documents. As a public document, it is also subject to scrutiny by regulators, media, and the general public, including potential donors.

The specific form you need to fill in and file depends on the level of “Gross Receipts,” and the total value of the assets of your non-profit.

**Form 990 Series:**

* Form 990 - Gross receipts ≥ $200,000 and Total assets ≥ $500,000
* Form 990-EZ - Gross receipts < $200,000, and Total assets < $500,000
* Form 990-N *Postcard* – Gross receipts normally ≤ $50,000
* Form 990-PF – for private foundations only regardless of financial status
* Form 990-T – for unrelated taxable income

**Filing Deadline:**

The due date for filing is the 15th day of the 5th month following the end of the organization’s fiscal year. For a 501(c) with a fiscal year ending December 31, the filing due date is May 15. One six-month extension is allowed, if filed prior to the original due date.

## **Penalties for Not Filing Form 990 on Time**

If a non-profit organization doesn’t file a Form 990 annual return or files late, the IRS may assess a penalty of $20 per day, up to the lesser of $10,000 or 5% of that year’s gross revenue plus interest. If an organization does not file as required for three consecutive years, it will automatically lose its tax-exempt status.

**NEW ISSUES**

**Interim Guidance on Parking Expense**

The 2017 tax reform act (the Act) enacted Section 512(a)(7), which provides that a tax-exempt organization’s unrelated business taxable income (UBTI) is increased by the amount of expenses incurred for providing qualified transportation fringe benefits (QTF) to employees, including qualified parking benefits, if the expenses would be nondeductible by a taxable employer under Section 274.

The Treasury Department and Internal Revenue Service recently issued Notice 2018-99, “Notice”, which provides the first guidance to determine the amount of parking expenses considered qualified transportation fringes that are disallowed as a deduction for businesses and considered unrelated business income to tax-exempt organizations.

Of particular importance, the guidance clarifies that the **cost**of providing parking to employees rather than the value associated with the parking is the basis for the disallowance.

These provisions cover employers that provide qualified parking either in kind, through a bona fide cash reimbursement arrangement or through a compensation reduction arrangement.

The Notice outlines the exceptions to the disallowance of a deduction for QTF expenses, such as expenses related to parking facilities made available primarily to the general public, that are not included in UBTI. The Notice also highlights a four-step method that organizations may use to allocate expenses to qualified parking as well as the type of expenses that could be included in UBTI.

**STATE OF MARYLAND TAX FILINGS**

**ANNUAL REPORT & MARYLAND PERSONAL PROPERTY TAX RETURN**

All businesses that are incorporated, qualified or registered to do business in Maryland as of January 1 must file the Annual Report & Maryland Personal Property Tax (PPT) Return. The return is required even if the business owns no property in the State or has not conducted any business activity during the year. If no personal property is owned or leased in Maryland as of January 1, the Annual Report is the only form required.

**Filing Deadline**

The due date for filing is April 15 of each year. One sixty-day extension is allowed.

**ANNUAL CHARITABLE REGISTRATION**

A non-profit organization which received in the most recently completed fiscal year **more than**

**$25,000** in direct support from the public, private foundations, and corporate grants and gross

revenue from special fundraising events must complete the annual charitable registration.

Forms to Submit for Annual Charitable Registration Renewal

* A signed copy of an IRS Form 990.  Form COF-85 may be filed in lieu of the IRS Form 990 or 990-EZ.
* If charitable contributions are at least $**300,000** but are less than $**750,000**, a copy of a financial review or if charitable contributions are at least **$750,000**, a copy of an audit*.*
* A current list of the names and home or alternative business addresses of the board of directors.
* A copy of all fundraising agreements, if one or more independent contractors or subcontractors solicit charitable contributions on your organization's behalf in Maryland.
* Any changes to the registration or other documents, e.g., change to name, address, telephone number, articles of incorporation, etc.
* A check or money order made payable to the Secretary of State in payment of the update registration fee. This fee is based on the organization's level of charitable contributions.
* Annual Update Registration Form

**Filing Deadline**

The due date for filing is the last day of the sixth month after the end of its most recently completed fiscal year. If the organization has an approved extension from the IRS for its annual 990 filing, it is automatically granted an extension for its state filing until the 15th day of the 11th month after the end of its most recently completed fiscal year. No extension request (IRS Form 8868) is required. The maximum extension allowed is the same as the maximum extension date for filing the 990 with the IRS.