

IRS Updates Form 990-EZ for 2016

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The IRS released an updated Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax* with the purpose of helping small to mid-size tax-exempt organizations avoid common mistakes. Tax-exempt organizations whose gross receipts are less than \$200,000 and have total assets less than \$500,000 may file as their annual return the Form 990-EZ instead of the full Form 990.

The new Form 990-EZ contains 29 pop-up icons which provide important information organizations should keep in mind when completing the form. Some of the icons include links to various IRS publications that discuss the topics more in depth. These icons should work on any device with Adobe Acrobat Reader and internet access.

“We’ve been reviewing the areas of the form where exempt organizations encounter the most trouble,” said IRS Commissioner John Koskinen in a statement issued by the IRS. “One out of three paper filers has an error on their form. After reviewing these trouble spots, we developed this new option to help groups navigate the form. This common-sense approach is designed to make it easier for exempt organizations to avoid problems up front – and avoid getting a follow-up contact from the IRS.”

The IRS also reminded exempt organizations to review the IRS Form 990-EZ instructions and that these new icons should simply serve as an additional tool to facilitate the completion of the form.

The annual Form 990 filing for tax-exempt organizations is due no later than 4.5 months after the close of the organization’s tax year. For organizations with a December 31 year end, their Form 990 is due by May 15 unless an extension is requested.

Form 1023-EZ Data Available Online

The IRS recently announced online access to data from organizations that have used Form 1023-EZ, the streamlined application for requesting recognition as an organization described in section 501(c)(3) of the Internal Revenue Code (announcement available [here](#)).

The data is in spreadsheet format and includes information for approved applications beginning in mid-2014 through 2016 (data available [here](#)). The information will be updated quarterly. More than 105,000 applications for exemption submitted on the Form 1023-EZ from 2014 through 2016 were approved by the IRS.

Previously, Form 1023-EZ data was only available through a lengthier process that included completing and submitting Form 4506-A to the IRS.

The release of this information reveals certain weaknesses in the IRS’s review of such applications. For example, churches that opt to apply for recognition of 501(c)(3) status from the IRS are not permitted to use Form 1023-EZ. However, some commentators (such as Nonprofit Law Prof Blog) have noted that 623 of the organizations that used Form 1023-EZ include “church” in their name and that nearly 500 of such organizations appear to be operating as churches.

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