

IRS Proposes Changes to Form 990

September 2002

The IRS has issued a call for comments on proposed changes to the reporting requirements for many types of non-profits, including Section 527 political organizations. The IRS announced its plans on September 4, 2002.

Currently under Section 527 of the Internal Revenue Code, political organizations, including PACs and candidate committees that do not report to the Federal Election Commission, must register and report with the IRS. All political organizations, including federal PACs, with gross receipts in excess of \$25,000 per year must file an annual tax return, Form 1120-POL, and an annual informational return, Form 990.

The IRS proposes to make a change to Form 990 in order to obtain more information on political organizations. The proposed changes cover fundraising expenses and transfers with other political organizations and 501(c) organizations. Other managed changes generally apply to all non-profit organizations, and are also of interest to political organizations.

Comments are due by January 28, 2003. More information can be found in Announcement 2002-97, which will be included in Internal Revenue Bulletin 2002-39 on September 30, 2002.

If you have any questions about 527 political organization taxation or reporting requirements, or wish to file comments with the IRS, please contact Carol Laham (202.719.7301 or claham@wiley.law) or Mark Renaud (202.719.7405 or mrenaud@wiley.law).