

Tax Corner: Annual Returns for 501(c) Organizations

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Q: Do organizations that are tax-exempt under Section 501(c) of the tax code (e.g., educational organizations, lobbying groups, trade associations, etc.) need to file annual tax returns with the Internal Revenue Service (IRS)?

A: Yes, with some exceptions. In general, all 501(c) organizations (except for certain types of religious organizations) need to file an annual information return (Form 990) with the IRS if they "normally" have annual gross receipts of more than \$25,000. In the beginning years of an organization it is difficult to know the organization's "normal" income, but there are bright-line tests that vary depending on the age of the organization. If an organization is less than a year old, it will need to file a return if it has receipts (including donation pledges) of more than \$37,500. If an organization is between one and three years old, it will need to file a return if it had average receipts of more than \$30,000 in its first two years. If an organization is three or more years old, it will need to file a return if had average receipts of more than \$25,000 over the previous three years. For calendar year filers, Form 990 is due by May 15 of each year. The instructions for preparing and filing Form 990 can be found on the IRS website at <https://www.irs.gov/pub/irs-pdf/i990.pdf>.

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