

Public Disclosure Obligations for 501(c) Organizations

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Despite the benefit of tax-exempt status, 501(c) organizations must keep in mind the IRS public inspection and copying requirements applicable to the IRS forms they file. Below is a summary of these requirements for 501(c) organizations.

Application for Tax-Exempt Status

501(c) organizations must make available for public inspection, upon request and without charge (except for reasonable copying costs if the requester consents), a copy of their application for tax-exempt status (Form 1023 or 1024). This includes all documents and statements filed with the application, any statement or other supporting document and any letter or document issued by the IRS concerning the application.

The application for exemption does not include applications from organizations that are not yet exempt, national defense material, unfavorable rulings or determination letters in response to applications for tax exemption, rulings or determination letters revoking or modifying a favorable determination letter, technical advice memoranda relating to a disapproved application, any letter or document from the IRS relating to whether a transaction is prohibited under section 503, any document relating to a private foundation or private operating foundation unless it pertains to the application for tax exemption and documents that do not pertain to an application despite their connection with the tax-exempt status of an organization described under 501(c) or (d).

Annual Information Returns

501(c) organizations must also make available for public inspection, upon request and without charge, copies of their original annual

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information returns (Form 990, 990-EZ, 990-BL, 990-PF or 1065) for the most recent three years. This includes any amended return after the original.

Public Inspection

These documents must be made available for public inspection, upon request in person or in writing, at the organization's principal, regional and district offices during regular business hours. The organization may allow an employee to be present during the inspection, but the inspecting individual must be allowed to take notes and photocopy freely. Should the request be made in person, the organization must provide the documents on the same business day unless there are unusual circumstances.

If the organization does not maintain a permanent office and receives a request for inspection, the organization must, within two weeks, either (1) make the documents available for inspection at a reasonable location of the organization's choice and permit inspection within a reasonable amount of time (within two weeks) or (2) mail the requestor copies of its application and annual information returns within two weeks of receiving the request. The organization may charge the requester for copying and postage costs if the requester consents.

Contributors

Other than private foundations, the names and addresses of contributors to the organization do not have to be disclosed.

Copies

A 501(c) organization must provide copies of its application for exemption and three most recent annual information returns to anyone who requests a copy in person or in writing at its principal, regional or district office during regular business hours. If the request is made in person, copies must be provided on the same business day unless there are unusual circumstances.

The organization does not have to comply with requests for copies if they are widely available on the Internet and the organization provides the requester with the website address where the returns are available. (See www.guidestar.org to see if your organization's Form 990 is available on the Internet). Otherwise, the organization must provide the requester with a copy and can charge nominal copying fees and postage.

Penalties

Failure to allow public inspection of annual returns can result in \$20-per-day fines up to \$10,000. The penalty for a similar offense involving an exemption application is \$20 per day with no maximum. A willful failure to allow public inspection or provide copies is \$5,000 for each return or application.

Web Resource:

IRS Publication 557, Tax-Exempt Status for Your Organization (Rev. March 2005).