



What to do if your branch has lost its tax-exempt status

A number of NALC branches, as well as many non-profit organizations across the country, recently received a notice from the Internal Revenue Service (IRS) advising them that their tax-exempt status had been revoked because they failed to file either a Form 990, a Form 990-EZ or a Form 990-N (also called an e-Postcard) over the past three years.

In 2007, NALC Secretary-Treasurer Jane E. Broedel announced in *The Postal Record* that the IRS now requires a branch to file a Form 990 even if it has no income, a change that resulted from the passage of the Pension Protection Act of 2006. Broedel reminded branches about this change in her Secretary-Treasurer's column in the March *Postal Record* and discusses it again in this month's column on page 28.

A branch that loses its tax-exempt status is liable for taxes on its dues income. However, the IRS is providing a chance for branches or state associations that have lost tax-exempt status to be reinstated by filing Form 1024 and Form 8718, and by paying a user fee.

A link to the IRS's "Automatic Revocation of Tax-Exempt Status" fact sheet can be found on the Secretary-Treasurer's web page at nalc.org. There, members also can find a link to helpful answers for some of the questions asked on Form 1024.

Branches that were eligible to file a Form 990-N (e-Postcard) can obtain transitional relief by applying for reinstatement of tax-exempt status by Dec. 31, 2012. These branches will be regarded by the IRS as having established reasonable cause for their filing failures, and their tax-exempt status will be reinstated retroactively to the date it was automatically revoked.

For small branches that were eligible

to file a Form 990-N (e-Postcard), the filing fee has been reduced to \$100.

More information for Form 990-N-eligible branches is available at www.irs.gov. In the search box at the top of the home page, type in "Notice 2011-43" and click "search."

Branches that should have filed Form 990 or Form 990-EZ at least once in the last three years will have to show reasonable cause for their failure to file in order to receive retroactive reinstatement. Full details are available in Notice 2011-44 at www.irs.gov.

Links to additional information on the reinstatement process, including retroactive reinstatement and a list of organizations whose tax-exempt status has been revoked, can be found on the Secretary-Treasurer's web page. There, you also can download a PDF of the "IRS Determination Letter" issued to NALC Headquarters, which covers branches and state associations.

Every branch receiving income from dues is urged to ensure that its tax-exempt status is in place presently, and if it's not, to apply immediately for reinstatement.

In addition, all branch fiduciary officers should ensure that the appropriate Form 990, Form 990-EZ or Form 990-N is filed in a timely fashion, as failure to file still can result in the loss of tax-exempt status.

Branches that have no dues receipts are advised to contact their national business agent's office or the Office of the Secretary-Treasurer for advice. ☒