O'NEILCANNON
HOLLMAN DEJONG & LAING S.C.

IRS REVOKES TAX EXEMPT STATUS FOR 275,000 CHARITIES DUE TO LACK OF COMPLIANCE

The Pension Protection Act (PPA), passed by Congress in 2006, requires most tax exempt organizations to file an annual information return or notice with the IRS. Failure to file the required return or notice for three consecutive years results in automatic revocation of the organization's tax-exempt status. The IRS has provided a list of organizations whose tax-exempt status has been revoked for failing to meet the filing requirements for 2007, 2008, and 2009. Most tax-exempt organizations file their returns or notices and are unaffected by the automatic revocation. Those organizations whose tax-exempt status is automatically revoked may reinstate their status by following the process outlined on the IRS website.

Donations or charitable contributions made to any organization whose tax-exempt status has been automatically revoked, remain tax deductible so long as the donation or contribution was made prior to the publication of the organization's name on the list. After publication, however, organizations that do not reinstate their tax-exempt status may no longer receive tax-deductible contributions, and any donations or contributions they receive may be taxable.

Donors should check the IRS listing to ensure that their contributions will be tax deductible. To determine an organization's tax-exempt status or eligibility to receive tax-deductible contributions, donors should rely on the updated listing provided by the IRS, and should no longer rely on the previous listing in IRS Publication 78, nor the IRS determination letter issued to the organization before the date of automatic revocation. For an updated listing, click here.