

Federal Tax Returns for AIChE Local Sections

The IRS has recently been mandated by the Pension Protection Act to revoke the tax-exempt status of any organization that fails to file a **Form 990**, **990-EZ**, or **990-N** for three consecutive years. A nonprofit that loses its exemption because of failure to file will have to reapply to the IRS for exemption.

Each Local Section must file its own federal tax return. AIChE's fiscal year is the calendar year and the deadline for filing tax returns is **May 15** of the following year. AIChE cannot file tax returns on behalf of Local Sections because AIChE doesn't control the finances of the Local Sections, and Local Section revenues and expenses are not reflected on the national organization's financial statements.

The IRS guidelines for which form to file depend on the group's gross receipts (total amount received from all sources, without subtracting any costs or expenses) for the tax year, as follows:

1. If gross receipts are less than \$50,000, the group must file **Form 990-N**. This is a simple electronic filing using an "e-postcard" which should only take a few minutes to complete.
2. If gross receipts are between \$50,000 and \$200,000, and total assets are less than \$500,000, the group may file **Form 990-EZ**.
3. If gross receipts or net assets exceed the limits in (2) above, the group must file **Form 990**.

Local Sections are also required to file a **990-T** if their gross income from unrelated business (gross receipts minus cost of goods sold) is in excess of \$1,000.

IRS website: <http://www.irs.gov/charities/index.html>