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CRT Disclosure

We have good news and bad news.

The IRS Form 990 (filed by tax-exempt organizations) includes a number of schedules, including Schedule R: “Related Organizations and Unrelated Partnerships,” which was rolled out for tax years beginning in 2008. The 2010 instructions for Schedule R clarified that charities should report charitable remainder trusts (CRTs) that are “related” to the charity in Schedule R, Part IV, including the name and address of the CRT, its taxpayer ID number, and the value of the charity’s interest in the CRT. This disclosure obligation met with a fair bit of resistance from the tax community, who noted that CRT donors do not expect their information to become public—especially as the names of individual donors to public charities are not subject to public disclosure. The IRS responded to this resistance, revised the 2011 Schedule R instructions, and reported at the recent Western Conference on Tax Exempt Organizations that charities will not have to disclose the names and other identifying information of their “related” CRTs, but will only have to report the type of the trust.

That’s the good news.

The bad news is that the cat is mostly out of the bag anyhow. The name, address, taxpayer ID number, and asset balance of all CRTs are now available online! Just log onto Guidestar.org and search for the name of the trust. (Many donors include their name in the name of their CRT—such as “The John Smith Charitable Remainder Trust,” so you can search for many CRTs via the donor name.) You can even search for “Section 4947(a)(2)” entities (which include CRTs) by zip code—so search your zip code and see if any of your neighbors has a CRT!

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Nonprofit Law Matters looks at legal issues in the nonprofit and tax-exempt organizations world. Written by the attorneys and paralegals of Adler & Colvin, it provides updates and analysis regarding philanthropy, charity, and other exempt organization issues.

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