

MARCH 23, 2013

IRS Sends Compliance Check Questionnaire to More Than 1,300 “Self-declared” 501(c)(4), (c)(5), and (c)(6) Organizations

As part of a compliance check initiative, this week the IRS sent out letters to more than 1,300 section 501(c)(4), (c)(5), and (c)(6) “self-declared” exempt organizations, requesting the completion of a [nine-page online questionnaire \(Form 14449\)](#) regarding their activities, revenue, and expenditures. Unlike section 501(c)(3) charitable organizations, which are required to obtain an IRS determination of their exempt status, most other 501(c) entities can either apply for IRS determination or “self-declare” by being organized, operating, and filing regular Form 990 tax information returns in a manner consistent with their claimed exempt status.

The questionnaire gives us some clues as to the IRS’s concerns with respect to self-declared tax-exempt entities, but it will be some time before we know how the IRS will use the information it collects. Unsurprisingly, there are many questions that probe organizational expenditures for political activity, but related (“tandem”) organizations, unrelated business income, and compensation are three other key focuses. Some questions require financial data for the calendar year 2012 even though the organization may have a different fiscal year. All respondents should be mindful about consistency between questionnaire responses and Form 990 reporting.

The questionnaire may be answered only by organizations who received IRS letters requesting their input. Although completion of the form is voluntary, organizations whom the IRS asks to fill out the form, and who choose not to do so, may be referred for an audit.

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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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