

NEW IRS REGULATIONS CALL FOR EXPANDED DISCLOSURE OF DOCUMENTS

Effective June, 1999, the IRS has *expanded the legal requirement* that tax-exempt organizations make federal exemption applications (Form 1023) and annual informational tax returns (Form 990) available for inspection by the public. The regulations require that most tax-exempt organizations make copies available to the public on request, and they must continue to allow in-person inspection.

WHO IS EFFECTED BY THE NEW REQUIREMENT? Virtually all tax-exempt organizations described under 501(a), (c) or (d) of the Internal Revenue Code are covered, excluding private foundations. This includes charitable, educational and medical organizations, among many others.

WHAT FORMS AND INFORMATION DO YOU HAVE TO DISCLOSE? Copies of your organization's three most recent annual returns (Form 990) and, for corporations who applied for tax-exempt status as of July 15, 1987, tax exemption application (Form 1023), including all schedules, attachments, supporting documents and correspondence from the IRS about the 1023 application. You do not have to provide copies of Form 990-T or include the names and addresses of contributors. The names can be blacked out on the Form 990.

WHAT ARE THE PENALTIES FOR FAILURE TO COMPLY? Any officer, director, employee or other individual who has a duty to make the disclosure, but fails to comply on time without good cause, is subject to a penalty of \$20 per day for each requested return or application. The organization may also be subject to penalties up to \$5,000 for each return.

HOW CAN YOU SATISFY THE REQUIREMENT?

- You do *not* have to answer telephone requests, but you must honor requests made by mail, e-mail, facsimile or personal delivery.
- You can charge a reasonable fee for postage and copying. Charges currently cannot exceed actual postage costs plus \$1 for the first page and \$0.15 for each additional page that you furnish.
- If someone requests copies *in person*, you must provide copies on the same business day unless compliance is an unreasonable hardship.
- If a person requests copies *other than in person*, you must provide copies within 30 days of receiving the request. If you adopt an advance payment policy, you must notify the requesting person of your policy within 7 days of receiving the request and provide the copies within 30 days after receipt of payment.
- You can comply by posting your forms on the *Internet*, either on your organization's web site or as part of certain kinds of databases. Databases that collect similar documents, like the Philanthropic Research Inc.'s GuideStar (www.guidestar.org) web site, are acceptable. The public must be able to download the documents at no cost, and the documents must look exactly like the forms filed with the IRS. You do *not* have to provide copies in person or by mail if you post the forms on the web and clearly instruct people--both on your web site and when people request the documents--where and how to find the documents. However, you are still required to provide in-person inspection.

WHAT CAN YOU DO IF THE REQUESTS ARE HARASSING? A harassment campaign exists where the purpose of a group of requests is to disrupt the operations of your clinic. You may hold off complying with a request which you reasonably believe is part of a harassment campaign. If you do, you must, within 5 days of your action, file an application with the IRS for a **harassment campaign determination**. Additionally, you may disregard any requests by an individual or from a single address after complying with two requests per month or a total of four per year by that person or from that address.