



AKT LLP CPAs and Business Consultants

Tax Compliance Update-Rotary

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Overview of Discussion Topics

- General filing requirements
- Raffles: registration and compliance
- Sales tax update
- Form 990 overview

General Filing Requirements

- **IRS Form 990, 990-EZ, 990-N (2011 Tax Year)**
 - Gross receipts(GR) and/or total assets(TA) of:
 - GR >\$200,000 **or** TA >\$500,000 = Form 990
 - GR >\$50,000 (but >\$200k) **and** TA >\$500,000 = Form 990EZ
 - GR <\$50,000 = 990-N Postcard
 - Due Date and Extensions
 - Original due date-15th day of the fifth month after year end.
 - Automatic three-month extension- by filing Form 8868-Part I by the original due date.
 - Additional three-month (not automatic) extension-by filing Form 8868-Part II by end of first extension date.

General Filing Requirements

- State Filing Requirements-CA FTB
 - FTB Form 199 & 199-N
 - GR >\$25,000 = Form 199
 - GR <\$25,000 = FTB 199N
 - Due Date-15th day of the 5th month after year end with an additional seven month extension without filing request for extension. (note 1)

General Filing Requirements

- State AG-Registry of Charitable Trust
 - Form RRF-1
 - ALL REGISTERED charities, regardless of receipts or assets must file form. (except certain exempted orgs.)
 - Annual Registration Renewal Fee based on gross annual revenue.
 - Due Date-15th day of the 5th month after year end. Extension due dates conform to IRS extensions filed.

General Filing Requirements

- **Electronic filing requirements**
 - 990-N & 199N: must be filed electronically by the original due date. No extension.
 - 990: Mandatory electronic filing if TA >\$10million and files at least 250 returns of any type. (W-2, 1099s, 941s)

remove the dollar sign

Raffles

- Registration required with the AG:
 - 60 days before the scheduled date of each raffle.
 - Raffle Registration Renewal may be filed online.
 - “Opportunity Drawing” must register as raffle if participants are required to purchase a ticket in order to have a chance to win a prize.
 - Only eligible private, tax-exempt NP groups qualified to conduct business in CA for at least one year prior to conducting the raffle.

Raffles

- **90/10 R**

- **90% of raffle t**
by the

purposes. (To further its exempt purposes)

- **Failure to meet the 90/10 rule is a violation Penal Code Sec. 320.5 which is a criminal statute.**

might want to add - you need to file a raffle report as well.

Change in Raffle Reporting Requirements

A single aggregate report for all raffles held during the reporting year is due on or before October 1st. The Nonprofit Raffle Report (Form CT-NRP-2) must be used by all organizations, regardless of the number of raffles held. Precise record-keeping is required as reports that include estimates of proceeds and expenses will not be accepted for filing.

Organizations that host raffles as part of a larger fundraising event must maintain a record of raffle proceeds and expenses separate from all other event monies and report only raffle proceeds and expenses on Form CT-NRP-2.

There is no fee associated with filing the Nonprofit Raffle Report.

California Sales Tax

- **Board of Equalization Pub. 18**
 - No general exemption for nonprofits and religious organizations.
 - Sales & Use Tax Law includes exemption for qualifying charitable organizations that relieve poverty and distress. (Not a general charitable exemption but a specific “welfare” exemption)
 - Eligibility form sales tax exemption can be obtained by review of BOE.

California Sales Tax

- **Typical taxable sales by NPOs**
 - Sales of food, meals, beverages & similar items
 - Sales of tickets that buyers will exchange for food, beverages, or other physical product.
 - Sales of booklets, books, pamphlets.
 - Sales of tickets for fundraising events if ticket price includes amounts for food & beverages.
 - Sales of merchandise in live and silent auctions. (including internet sales)

Form 990 Review

- General Overview of Form 990

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