

Internal Revenue Service
Overview of Form 990 Redesign For Tax Year 2008
December 20, 2007

On December 20, 2007, the IRS released the 2008 Form 990, *Return of Organization Exempt from Income Tax*, the form filed by public charities and other tax-exempt organizations. The 2008 Form 990, as well as other key information describing the new form, is available on the IRS Web site, IRS.gov/eo.

Effective date of new Form 990. Organizations will begin using the new Form 990 for the 2008 tax year (returns filed in 2009). Organizations must continue to use the current Form 990 for the 2007 tax year (returns filed in 2008), but after that the new Form 990 must be used.

Comments on June 2007 Discussion Draft. The 2008 Form 990 is based on the Form 990 Discussion Draft that was released to the public for comment on June 14, 2007. The IRS received approximately 700 e-mails and letters totaling approximately 3,000 pages of written comments during the draft's 90-day comment period. These comments are available on the IRS Web site, IRS.gov/eo. The new form incorporates many recommendations made in the public comments.

Basic structure of the new Form 990. The 2008 Form 990 consists of an 11-page core form that must be completed by each Form 990 filer. In addition, the form's 16 schedules are designed to require reporting of information only from those organizations that conduct particular activities. The IRS added one page and a new schedule (Schedule O) to the Discussion Draft in response to public comments requesting more opportunity to provide explanations and narrative responses to the form's questions.

Major changes from Discussion Draft. Among the major changes the new form made to the Discussion Draft are the following:

- A revised summary page that:
 - eliminates the ratios, percentages, and other metrics included in the draft, and
 - incorporates a two-year summary of financial information comparing the current and prior years;
- A reordered core form that moves the organization's description of its program service accomplishments to page 2, immediately after the summary;
- A new checklist of schedules that shows which schedules the filing organization must complete;
- More opportunity throughout the form to provide supplemental information;
- Retention of group return filings for organizations with a group exemption ruling;
- Revised governance and compensation sections;
- Modified schedules for hospitals, tax-exempt bonds, non-cash contributions, and supplemental financial statements; and

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- Reduced burden throughout the form and schedules, including increased or new reporting thresholds for several of the schedules.

Although the 2008 Form 990 retains most of the content, format and structure of the Discussion Draft, it made numerous changes in content and design in response to the sector's comments. The new form addresses privacy and security concerns expressed by the sector regarding reporting of officer and director compensation and persons working abroad in unsafe foreign areas.

The major changes made by the new form are summarized in a separate document titled "Background Paper." More detailed descriptions of the changes to the form and schedules are provided in separate "Highlights" documents for the core form and each schedule. These documents are available on the IRS Web site at IRS.gov/eo.

Phase-in of filing requirement for small organizations. To address transition concerns expressed by the sector, the IRS will phase in the new form over a three-year period. This will be accomplished by increasing filing thresholds for the Form 990-EZ to allow smaller organizations the option to file either the new Form 990 or the Form 990-EZ for 2008 and 2009 tax years. For those years, an organization may opt to file a Form 990-EZ if it satisfies both the gross receipts and assets tests in the table below.

<i>May file 990-EZ for:</i>	<i>If gross receipts are:</i>	<i>If assets are:</i>
2008 tax year (filed in 2009)	> \$25,000 and < \$1 million	< \$2.5 million
2009 tax year (filed in 2010)	> \$25,000 and < \$500,000	< \$1.25 million
2010 and later tax years	> \$50,000 and < \$200,000	< \$500,000

The IRS also intends to increase the Form 990-N (e-postcard) filing threshold from \$25,000 in gross receipts to \$50,000 in gross receipts, beginning with the 2010 tax year.

Phase-in of new Schedules H and K. Transition relief will be provided for the 2008 tax year for organizations required to complete the new schedules for hospitals (Schedule H) and tax-exempt bonds (Schedule K). Only the portions of those schedules that provide certain identifying information regarding hospital facilities and bond issues must be completed for 2008. The other portions of these schedules will be optional for 2008. Both schedules become fully implemented in the 2009 tax year.

The IRS expects to release draft instructions for the 2008 Form 990 in early 2008.