

Internal Revenue Service
2008 Form 990
Schedule L, Transactions with Interested Persons – Highlights
December 20, 2007

Rationale and Overview

The current form requires an organization to attach a loan schedule for Form 990, lines 50a, 50b and 63, regarding loans to and from current and former officers, directors, trustees, key employees, and other disqualified persons (insiders). The Draft incorporated the requirements for this schedule into Schedule L. The Schedule L has been restructured and also has been adopted for Form 990-EZ. Parts I and II replace the attachments required for lines 40b and 38b, respectively, of the current forms.

Restructuring of the Schedule

The Schedule L has been significantly modified to incorporate reporting of non-loan transactions between the organization and insiders reported elsewhere on the Draft's core form or other schedules, including excess benefit transactions, grants, and other business transactions. This consolidates reporting of most relationships and transactions involving insiders in a single schedule. The new schedule's parts were relocated from the Draft and current form as follows:

- Part I, Excess Benefit Transactions (current form line 89b; Draft Form 990, Part VIII, lines 5a-c)
- Part II, Loans – consolidated receivables and payables and eliminated certain information
- Part III, Grants or Assistance Benefiting Interested Persons (Draft Schedules F and I)
- Part IV, Business Transactions Involving Interested Persons (current form line 75c; Draft Form 990, Part II, Section B, lines 5a-f)

Other Comments and Changes

Some commented that determining the existence of a relationship between a donor (other than an officer, director, trustee, key employee or substantial contributor) and a grantee was too burdensome. Many suggested not inquiring into business transactions involving volunteer officials or former officials (or former officials not listed in the core form), or increasing the dollar threshold for reporting these transactions. These suggestions will be considered during the revision of the instructions.

Expected Impact on Burden

The current Forms 990 and 990-EZ require the information requested in Parts I and IV so no new burden is expected for these parts. The required information to be reported for loans (Part II) has been reduced. Part III requests information on transactions not previously reported and is expected to result in additional burden.