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## LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

### *PPC's 990 Deskbook*

### Thirtieth Edition (January 2022)

#### Highlights of this Edition

The following are some of the important new features of the 2022 Edition of *PPC's 990 Deskbook*:

- **Electronic Filing Requirement.** Most 2021 tax-exempt organization returns and applications for federal tax exemption must be electronically filed. There are few exceptions to electronic submission. The most recent guidance for e-filing Forms 990, 990-EZ, 990-T, 990-PF, as well as Form 1023, is provided in several chapters throughout this publication, and discussed more specifically in Key Issues 1A, 10A, 11E, 17F, and 21B.
- **Form 1023 Guidance Significantly Revised.** Form 1023 is required to be submitted electronically. Chapters 17 through 20 have been significantly revised to provide information on the exemption application and its requirements to be submitted on *pay.gov*, as well as other recent provisions affecting application for tax-exempt status.
- **Black Lung Trusts Now File Form 990.** Section 501(c)(21) organizations (Black Lung Trusts) now file Form 990 (but not Form 990-EZ) instead of Form 990-BL. Several key issues and practice aids have been revised accordingly.

In addition to these featured items, your *Deskbook* includes the following update items.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 1 General Filing Information—Form 990	1. Clarified the exceptions for when a return cannot be filed electronically.	Key Issue 1A
	2. Explained that Section 501(c)(21) Black Lung Trusts now file Form 990 rather than Form 990-BL.	Key Issue 1A
	3. Expanded the discussion on whether to attach a reasonable cause explanation to Form 990 for a late filed return.	Key Issue 1H
CHAPTER 2 Highlighting an Organization's Accomplishments	1. Cautioned about making sure the attachments are not password protected (e.g., and no access by the IRS).	Key Issue 2A
	2. Clarified that a short period return can be electronically filed for Form 990 for 2021 forms and later years.	Key Issue 2B
	3. Included information on appropriate length of a response to prevent continuation to Schedule O.	Key Issue 2C
	4. Clarified the definition of an officer for purposes of signing the return.	Key Issue 2C

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 3 Governance, Management, and Required Disclosure	5. Added an example about reporting revenue from programmatic activities.	Key Issue 2D
	1. Included guidance on the reporting amounts paid by 501(c)(21) (Black Lung Trust) organizations.	Key Issues 3A and 3B
	2. Clarified the discussion of who is required to add names and addresses to Schedule B.	Key Issue 3A
	3. Added an Observation about the correct reporting of noncash donations received for fundraising events.	Key Issue 3A
CHAPTER 4 Compensation Reporting	4. Added an example illustrating reporting employee information.	Key Issue 3B
	1. Added an Observation about reporting a key employee of an unrelated management company on Part VII.	Key Issue 4A
CHAPTER 5 Reporting Revenue	1. Provided the latest guidance on reporting PPP loan forgiveness amounts.	Key Issue 5A
	2. Included a description of Section 501(c)(21) contributions required to be reported in Part VIII.	Key Issue 5A
	3. Added an alert that states cannot require submission of federal Schedule B, based on the Supreme Court's ruling in <i>Americans for Prosperity Foundation v. Bonta</i> .	Key Issue 5J
CHAPTER 6 Reporting Functional Expenses	1. Added two Preparation Pointers for Section 501(c)(21) organizations that previously filed Form 990-BL that are now required to file Form 990 instead.	Key Issue 6C
CHAPTER 8 Other Schedules That May Be Required	1. Several examples were added to illustrate the impact of failing to qualify as a supporting organization, reporting public support when not required to do so, and failing to notify the IRS of the change of an organization's operations.	Key Issue 8A
	2. Included an example explaining how an organization should classify itself on Schedule A if it satisfies multiple public support tests.	Key Issue 8B
	3. Clarified the discussion of unrelated business taxable income, net of Section 511 tax, reported on Schedule A, Part III.	Key Issue 8B
	4. Added a discussion on using donor advised funds to avoid public support limitations and the potential government guidance to prevent this from occurring.	Key Issue 8B
	5. Expanded the discussion on conservation easements to include guidance on how an easement will continue to be protected in perpetuity when conditions surrounding the property unexpectedly change.	Key Issue 8D
	6. Included an Observation that some organizations impacted by the COVID-19 pandemic have included explanations of this impact on Schedule O.	Key Issue 8J

<b><u>Chapter</u></b>	<b><u>Substantive Changes and Additions</u></b>	<b><u>Reference</u></b>
CHAPTER 9 Political Campaign and Lobbying Activities	1. Added a Planning Tip about documenting the decision to incur and to make expenditures that may be perceived as partisan.	Key Issue 9A
CHAPTER 10 Preparing Form 990-EZ	1. Included information from Rev. Proc. 2021-48, providing the latest guidance on reporting forgiven PPP loans.	Key Issue 10B
CHAPTER 12 Unrelated Business Income	1. Updated the net operating loss discussion for the impact of a change in the two-digit NAICS code or business activity code under which an unrelated trade or business is reported.  2. Enhanced the discussion of reporting separate trades or businesses under the siloing rules and updated for final regulation citations.	Key Issue 12E  Key Issue 12E
CHAPTER 15 Deductions Allowed in Determining Unrelated Business Taxable Income	1. Updated the discussion regarding the deductibility of expenses paid with PPP loan proceeds based on a recent IRS safe harbor announcement.  2. Clarified the discussion of meal expense deductibility for restaurant meals incurred in 2020 and 2021 for recent IRS guidance.	Key Issue 15A  Key Issue 15A
CHAPTER 16 Form 990-T Tax Calculation	1. The information reported in this chapter is rearranged to more closely agree with the revised Form 990-T, introduced for the 2020 tax year.	Throughout
CHAPTER 17 Determining How and When to File for Exemption	1. Expanded the discussion on the exemption application by adding a new key issue that provides a general overview of how to apply for exemption and the due date for doing so.  2. Included an Observation on the possible disadvantages of obtaining tax-exempt status.  3. Added a discussion on the projected timeframe for processing applications on Form 1023-EZ.  4. The IRS has privately ruled on whether an organization qualifies for exemption based on illegal activities or activities contrary to public policy.  5. Listed the process the IRS will follow for changes to pending exemption applications.  6. Explained that certain organizations cannot request retroactive exemption for appeal denials.	Key Issue 17A  Key Issue 17B  Key Issue 17D  Key Issue 17D  Key Issue 17F  Key Issue 17G
CHAPTER 18 Providing Information about the Organization and Its Activities and Operations	1. Added a discussion of the guidance provided by the IRS on the requirements for an LLC to obtain tax-exempt status.  2. Included a Caution about the IRS's nonacceptance of the <i>Mayo</i> case decision.	Key Issue 18B  Key Issue 18D
CHAPTER 19 Determination of Public Charity versus Private Foundation Status	1. Clarified the definition of public support for the support tests under IRC Secs. 509(a)(1) and 509(a)(2).  2. Added an example for an organization that does not qualify as a Type II supporting organization.	Key Issues 19C and 19E  Key Issue 19F

<b><u>Chapter</u></b>	<b><u>Substantive Changes and Additions</u></b>	<b><u>Reference</u></b>
	3. Included a new example of treating a liquidating distribution received as an unusual grant.	Key Issue 19H
CHAPTER 20 Providing Financial Data	1. Revised existing examples and added new examples reporting financial information when an organization has not been in existence for a full five years.	Key Issue 20B
CHAPTER 22 Revenue and Expenses	1. Included information on the Form 990-PF reporting of forgiven PPP loans based on a recent revenue procedure.	Key Issue 22B
CHAPTER 23 Net Investment Income and Adjusted Net Income	1. The calculation to determine if a foundation qualifies for a reduced excise tax rate of 1% is eliminated, resulting in the elimination of prior years' Part V and the redesignation of Part VI to Part V.	Key Issue 23G
CHAPTER 26 Private Foundation Excise Taxes and Statements Regarding Its Activities	1. The discussion was updated to include guidance about self-dealing from the IRS Snapshot "Private Foundations: Amount Involved."	Key Issue 26C
CHAPTER 31 Terminating a Private Foundation	1. Revised the example for the FMV of assets held and updated the calculation of the termination tax due under IRC Sec. 507(c).	Key Issue 31E
CHAPTER 34 Penalties and Excise Taxes	1. Added a discussion of a recent Tax Court case involving the imposition of excess benefit transaction excise tax on taxpayer's spouse.	Key Issue 34G
	2. Expanded the discussion of remuneration from related foreign organizations for purposes of the Section 4960 excise tax.	Key Issue 34N
	3. Revised and expanded the discussion of Section 4968 tax on capital gains for guidance provided in final regulations.	Key Issue 34O
Roadmaps	1. The reduced 1% tax rate on investment income for private foundations has been eliminated. This part of Form 990-PF has been eliminated and the remaining parts renumbered accordingly.	Roadmap RM-4
Checklists	1. Included a note about the IRS's temporary suspension of accepting new group exemption ruling requests.	Checklist C108
Elections	1. Added directions on how to make the election specified in IRC Sec. 41(e)(6)(D) now that Form 990 and Form 990-PF are required to be submitted electronically.	Election E303
Tables	1. Revised the table of filing addresses for many exempt organization returns.	Table T104
Worksheets	1. Updated the calculation of the alternative minimum tax for entities organized as trusts.	Worksheet W402
Other Resources	1. Added a Caution that private delivery service addresses may not be applicable for many 990-series returns (because of the electronic filing requirement).	Resource R501