

IRS, Labor Department reporting and other important reminders



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All branches, whatever their income and whether or not they receive local dues, must file an IRS Form 990, 990-EZ or 990-N every year. Branch officers are responsible for ensuring that the appropriate form is filed by the 15th day of the fifth month after the end of the branch's fiscal year. Generally, the branch president or treasurer completes the form. The income and assets of the branch determines which form should be filed:

- **Form 990**—Branches whose annual gross receipts are generally \$200,000 or more or whose total assets are \$500,000 or more at the end of the fiscal year.
- **Form 990-EZ**—Branches whose annual gross receipts are generally less than \$200,000 and whose total assets are less than \$500,000 at the end of the fiscal year. A Form 990 may be filed in lieu of a Form 990-EZ if the branch prefers.
- **Form 990-N**—Also referred to as the e-Postcard, this involves only a few questions. Branches receiving \$50,000 or less in income per year, including branches with no income at all, must file a Form 990-N (easiest); however, a Form 990-EZ or Form 990 may be filed in lieu of a Form 990-N. You can access the filing site directly at irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard.

Failure to comply can result in fines, penalties and interest. A branch that fails to file required information returns for three consecutive years will automatically lose its tax-exempt status.

As a reminder, per the Taxpayer First Act enacted July 1, 2019, all 990 forms must be filed electronically for tax years ending July 31, 2021, and later. To file the form electronically, the filer must use software that can provide the correct data in the proper format for processing by the IRS. The IRS website has a list of providers that have passed the IRS Assurance Testing System (ATS) requirements for software. To access the list of providers on the IRS website, go to irs.gov/e-file-providers/approved-irs-e-file-for-business-providers. Local tax professionals also might have the necessary software.

Note: Branch officers should be aware that in addition to filing an appropriate 990, the branch still might be liable for tax on its *unrelated business income*, if it received \$1,000

or more in such gross income. The branch must complete a Form 990-T, Exempt Organization Business Income Tax Return, and pay any tax due. This form has the same filing deadlines as the Form 990s and must be filed electronically as well. Branches subject to taxes also are required to make quarterly estimated tax payments. Items usually considered to be unrelated business income and therefore reportable on the Form 990-T and taxable if the branch or state has income of \$1,000 or more from these sources include:

- The excess of advertising income from a branch or state publication over the cost of the publication.
- Rental income from “debt-financed property,” such as a branch-owned building subject to a mortgage.
- Reimbursements for NALC Health Benefit Plan members (associate members).

More information on filing Form 990, 990-EZ, 990-N, and 990-T is available at irs.gov.

Officer information list: Many branches installed officers in the past few months. If you have not already done so, please immediately update the Membership Department via letter or a “branch information record” card.

Reciprocal Agreement: *Union representatives must notify NALC's Membership Department if an incoming member wishes to cancel dues to the losing craft's union.* This can be done by simply circling the appropriate union to cancel dues to on the Form 1187 next to “Union Transfer.” Refunds for double-dues taken while a member belonged to NALC and another union are made only upon request and only for the time period between when NALC Headquarters was notified of the dual membership and when the dues to the other union were discontinued. For more information, please consult the Reciprocal Agreement booklet available on the NALC website.

Reporting to the Department of Labor: Unless your branch has no annual income or financial activity, you must file with the Office of Labor-Management Standards one of three types of financial reports, depending on the total annual receipts of the branch. The Labor-Management Reporting and Disclosure Act (LMRDA) requires that unions file the report within 90 days after the branch's (or state association's) fiscal year. Most branches have fiscal years ending Dec. 31, so most should be filing by March 31. However, because 2024 is a leap year, the filing will be due by March 30. Branch presidents and secretary-treasurers are responsible for ensuring that required reports are filed in a timely and accurate manner. The LMRDA does not provide for, or permit an extension of, time for filing for any reason. Please reference my January *Postal Record* article for more information on filing requirements for LM reports—including the requirement that all LM reports be filed electronically.