



A Brief History of Charitable Organizations

David Trimner

Tax-Exempt Organizations



Tax-Exempt Organizations

Concept of charity

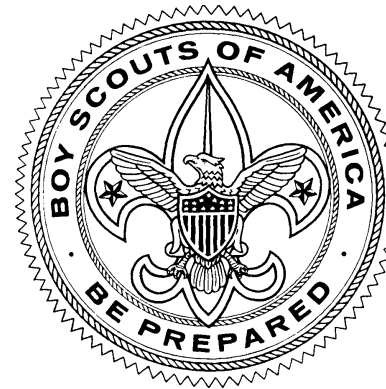
- **Historical Considerations**
British Common Law
- **Private Inurement**
Private Benefit
- **Public Policy**
Reducing the burden of government
- **Constitutional Protections**
Freedom of religion and association



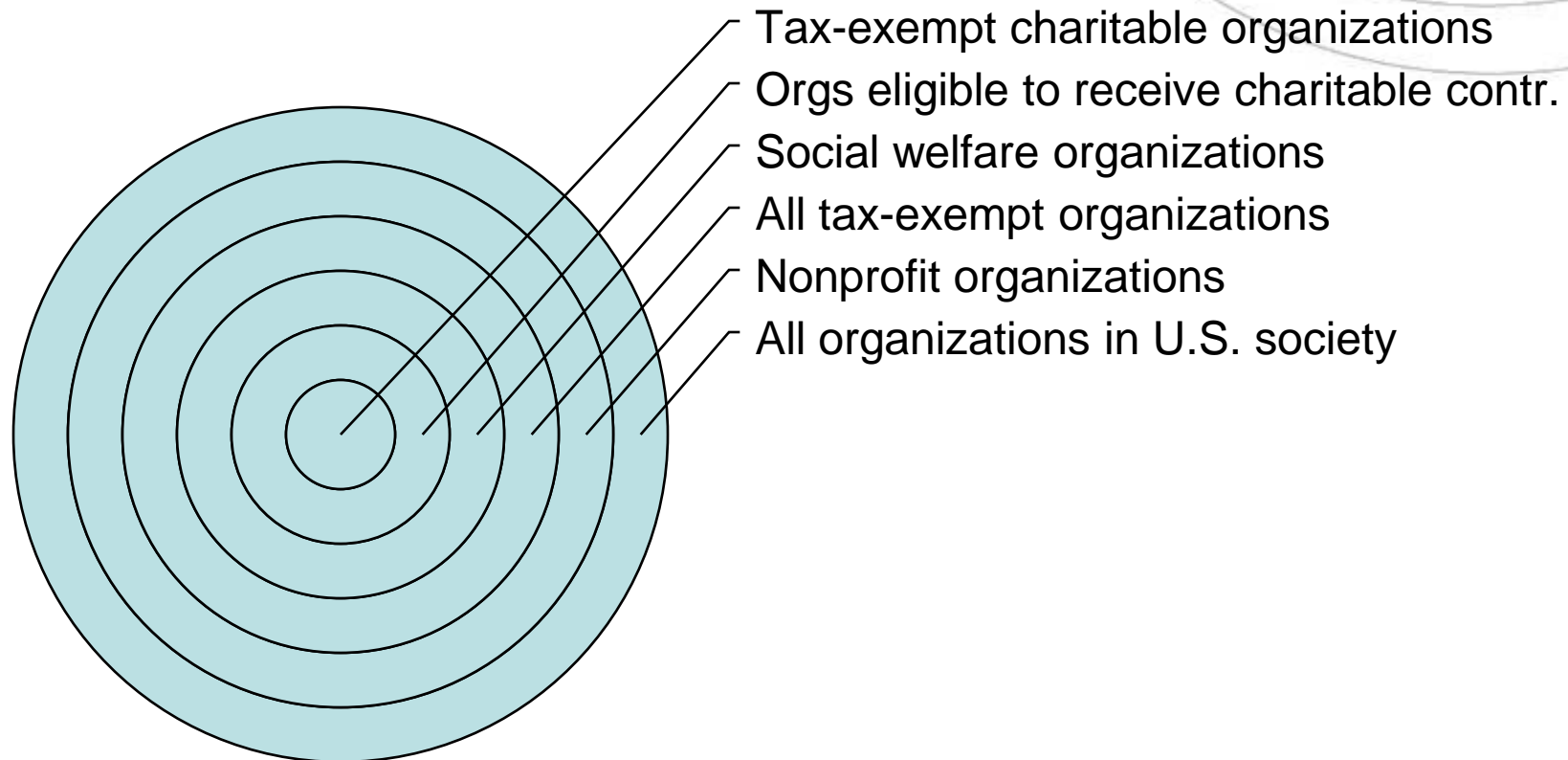
Tax-Exempt Organizations



THE HUMANE SOCIETY
OF THE UNITED STATES



Tax-Exempt Organizations



Unrelated Business Income



Unrelated Business Income



Unrelated Business Income

Federal

- **Form 990-T, Unrelated Business Income Tax Return, when gross receipts from an unrelated business are \$1,000 or more**
- **Form 990-T is available for public inspection**

State

- **Certain states impose a tax on UBI generated**
- **Additional tax filings may be required**

Penalties

- **Failure to file**
- **Failure to pay estimated tax payments**
- **Late payment of tax**
- **Interest**



Current Concerns

Exempt organizations are under scrutiny!

Scrutiny by whom?

- **IRS and Treasury**
- **Congress, Senate Finance Committee, House Ways & Means Committee**
- **States' attorneys general**
- **Media**
- **Donors**
- **Unions**
- **Whistleblowers**

Current Concerns

Why the scrutiny?

- **Perception of abuses by exempt organizations**
- **Tough economy and searching for additional sources of tax revenue**
- **Perceived need for closer oversight of exempt organizations**
- **Decline in public confidence**
- **Prohibited political activity**
- **Excessive executive compensation**

Current Concerns

- **Approximately 11,500 IRS examinations of exempt organizations in 2010**
- **Revocation of exemption for 300,000 organizations for failure to file Form 990 for 3 years**
- **National Research Program – Study of Employment Tax Returns**
- **Consumer Credit Counseling Project**
- **Down Payment Assistance Project**
- **Executive Compensation Compliance Initiative: Loans Project**
- **Governance Check Sheets**

Current Concerns

- **Political Activities Compliance Initiative**

- 1. Exempt organization distributed printed documents supporting candidates.**
- 2. Church official made a statement during normal services endorsing candidates.**
- 3. Candidate spoke at an official EO function**
- 4. Organization distributed improper voter guides or candidate ratings.**
- 5. Organization posted a sign on its property endorsing a candidate.**
- 6. Organization endorsed candidates on its website or through links on its website.**
- 7. Organization official verbally endorsed a candidate.**
- 8. Organization made a political contribution to a candidate.**
- 9. Organization allowed a non-candidate to endorse a candidate during a speech at the organization function.**



Nonprofit Organizations

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