

**2006
NONPROFIT
TAX &
REPORTING
GUIDE**

Community Accountants is a nonprofit organization providing accounting and computer related services through volunteers to help Delaware Valley nonprofit organizations become self-sufficient.

We gratefully acknowledge the assistance of Kevin Ryan, CPA of Yampolsky, Madeloff, Silver & Co. for reviewing the information included.

We would also like to thank Deloitte & touché for generously printing this publication.

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July 2006

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INTRODUCTION

Community Accountants is pleased to make the *Nonprofit Tax and Reporting Guide* available to you again, this guide provides you with a brief explanation of various federal, state and local tax forms and their filing dates, We suggest you mark your calendar with dates pertinent to your organization so that you have a clear, simple reference. Also, there are circumstances where you and your organization may be required to file more often than indicated on the tax calendar provided in this guide. If you should pay more frequently, make note of the extra filing dates to ensure you do not misfile.

If you need more detailed information that provided in this guide, please consider using one or more of the following programs Community Accountants offers:

Direct Service: Volunteers work one-on-one, on a short-term basis, to: review or set up bookkeeping and payroll system, prepare your 990 Form, or prepare for an audit or review. In addition, volunteers with computer-related backgrounds offer training, evaluation, installation and support of computer hardware and software.

Community Accountants on Boards and Committees: Community Accountants refers individuals with accounting and finance backgrounds to serve as directors or committee members on nonprofit boards. Board Opportunities advertised to accounting professionals through newsletter, our web site and e-mail.

Workshops: If your organization's members or constituents require a workshop on any financial issue (and most computer-related issues), Community Accountant will arrange for a professional to speak to your group.

Ask An Accountant Nonprofit Hotline: When your organization has an accounting, or computer-related question call **(215) 951-0342** and your question will be referred to a professional accountant or computer consultant.

Other Available Publications: In addition to this guide, Community Accountants offers, *Starting A Nonprofit Organization and Financial Management of Nonprofit Organizations*.

Updated guides are available annually; for an update or for more information about Community Accountants' Services please call **(215) 951-0342**.

TAX AND REPORTING FORMS & REGULATIONS FOR ALL NONPROFIT ORGANIZATIONS

FEDERAL FORMS

SS-4

Application for Employer Identification Number: use to apply for an Employer Identification Number (EIN), which identifies your organization, to the IRS, and establishes your filing requirements. This number is used on all returns, statements or other IRS documents.

990/990 PF

Return of Organization Exempt from Income Tax: organizations exempt from taxes under section 501(c) are required to file Form 990 annually with the exception of the following types of organizations:

- Church, associations of churches, or church auxiliary
- Exclusively religious activity of any religious order
- **Organization which normally does not have more than \$25,000 in gross receipts for the year (see below)***
- Mission society sponsored by or affiliated with a church
- Church- affiliated school under college level
- State institution
- Corporation organized under Act of Congress
- Stock bonus, pension or profit sharing plan
- Private foundation (file 990PF)

***If gross receipts are under \$25, 000:**

1. Attach pre-printed label to page 1
2. Check first box in item K
3. Sign and mail to IRS

501 (c) 3 organizations should also submit schedule A of form 990.

990/990PF Filing Date

990 and 990PF are due on the 15th day of the fifth month after the end of the organization's fiscal year

<u>Fiscal Year End</u>	<u>Due Date</u>
January 31	June 15
February 28	July 15
March 31	August 15
April 30	September 15
May 31	October 15
June 30	November 15
July 31	December 15
August 31	January 15
September 30	February 15
October 31	March 15
November 30	April 15
December 31	May 15

990 T Exempt Organizations unrelated Business Income Tax Return (UBIT): For tax exempt organization receiving gross income over \$ 1,000 from regularly conducted unrelated, trade or business during the fiscal year. This income is from trade or business conducted regularly that is not substantially related to the exercise or tax exemption. If your organization is unsure whether income raised is unrelated business income or not, *call the Community Accountant's Ask An Accountant at (215) 893-9333*

990T Filing Date

990T is due by the 15th day of the fifth month after the end of the organization's fiscal year.

See above chart for filing dates.

1099 Misc. Statement for Recipients of Miscellaneous Income: filed when paying more than \$600 in any calendar year to an individual who is not a direct employee (i.e. to a consultant or independent contractor).

1099 Misc. Filing Date

Copy A is Mailed with form 1096 to the IRS by February 28 of the following year (i.e. 1998's 1099 is due February 28, 2004).

Copy B is mailed to recipient by January 31 of the following year.

Copy C is kept for organizations records.

If the contractor lives or provides services for the employer within the boundaries of the City of Philadelphia, the employer is required to remit a photocopy of the 1099 to the City of Philadelphia by February 28 of the following year.

1096 Annual Summary and Transmittal of U.S. Information Returns: Transmittal form, which must accompany all Form 1099, filed.

1096 Filing Date

1096 must be mailed with all copy as of the 1099 forms, to the IRS by February 28 of the following year

A Note on Independent Contractors: Sometimes nonprofit organizations mistakenly pay part-time and temporary worker as independent contractors when the IRS would consider them employees. Penalties from the IRS and the Department of Labor regarding this matter are severe. The IRS asks the following questions to determine employee/independent contractor status.

“**Yes**” answers the questions 1-14 and “**No**” answers to questions 15-19 suggests that the worker is probably an employee from whom payroll should be paid by the employer

1. Are instructions furnished regarding where, when and how worker performs?
 2. Does the employer require training?
 3. Is worker a necessary and vital part of the continuing business operation?
 4. Are services rendered personally by the worker?
 5. Does the employer hire, supervise, and pay assistance the worker?
 6. Does a continuing relationship exist with the employer?
 7. Does the employer set hours of work?
 8. Does the employer require full-time service?
 9. Is the work done on the employer’s premises?
 10. Is the order or sequence of services set by the employer?
 11. Does the employer require oral or written reports?
 12. Does the employer make regular payment (hourly, weekly, monthly)?
 13. Does the employer pay the worker’s expenses?
 14. Does the employer have the right to hire and fire the worker?
-

15. Is there a profit or loss possibility by the worker?
16. Does the worker have a significant equipment investment?
17. Does the worker perform services available to the public?
18. Is worker legally obligated to complete the job satisfactorily?

If you determine that persons working for you are actually employees, read the next section (***Payroll Tax & Reporting Requirements for Organizations With Employees***) for payroll tax and form requirements. If you determine the persons are independent contractors, and they are paid more than \$ 600 in a calendar year, you must file forms 1099 Misc. and 1096 (see previous page).

Pennsylvania Forms

The Bureau of Charitable Organizations (BCO) of Pennsylvania Department of State requires all nonprofit organizations that intend to solicit contributions from the public in Pennsylvania to register annually with the Department.

BCO-100 Registration Statement for Charitable Organizations: the following are Required with filing:

- Financial statements (in general, reviewed if gross revenues are greater than \$25,000 and audited if gross revenues were greater than \$100,000),
- PA Public Disclosure forms (BCO-23)
- IRS Form 990 and Schedule A.

BCO-100 Filing Dates

Initial Filing:

If compensating individuals (including staff) for conducting solicitations (fundraising), at least 10 working days before conducting solicitations.

If not compensating individual for conducting solicitations, 30 days after gross contributions over \$25,000 are received.

Annual Filing:

135 days after the end of the fiscal year. **These dates may vary in a leap year.** Double check for accuracy.

<u>Fiscal Year End</u>	<u>Due date</u>
January 31	June 15
February 28	July 13
March 31	August 14
April 30	September 12
May 31	October 13
June 30	November 12
July 31	December 13
August 31	January 13
September 30	February 12
October 31	March 15
November 30	April 14
December 31	May 15

BCO-23

Pennsylvania Public Disclosure Form: requires financial information of the organization; is filed with BCO-100

BCO-2

Extension or Non-Renewal Notice Form: Allows for extension of BCO registration. Also is completed by those organizations receiving less than \$25,000 in contributions during the previous fiscal year. Filing due same as BCO-100.

PA-3

Pennsylvania Sales Tax Return: if you are selling tangible personal property or services, you must obtain a sales tax license and complete quarterly sales tax returns. The 6% tax rate (7% for Philadelphia sales) must be collected at the time the sale occurs unless it is on credit. The tax on credit sales must be collected within 30 days. Each time a sale occurs, the tax is charged and collected on the full purchase price of the property, including labor and installation.

PA-3 Filing Dates

Amount collected per month In prior third quarter:		Payment must be made:
Under \$600	→	April 20, July 20, October 20, January 20
\$600 and above	→	by the 20 th of the following month

NEW JERSEY FORMS

NJ Charitable Registration and Investigation Act

Charitable organizations within the state of New Jersey may be required to register with the Division of Consumer Affairs under the Charitable Registration and Investigation Act.

CRI-300R

Long Form Registration Statement: filed annually by charitable organization having annual gross revenues in excess of \$25,000 it must be accompanied by Form 990. If organization total revenue exceeds \$ 100,000, a certified audit is also required.

CRI-200

Short Form Registration Statement: filed annually by charitable organization having gross revenues of less than \$100,000.

CRI-300R/ CRI-200 Filing Dates

CRI-300R pr CRI-200 is due within six months of the end of the organizations fiscal year:

<u>Fiscal Year End</u>	<u>Due Date</u>
January 31	July 31
February 28	August 30
March 31	September 30
April 30	October 31
May 31	November 30
June 30	December 31
July 31	January 31
August 31	February 28
September 30	March 31
October 31	April 30
November 30	May 31
December 31	June 30

NJ Sales Tax

ST-51

New Jersey Sales Tax Return: quarterly sales tax forms are required to be filed by organizations that collect sales tax. The returns are due the 20th day of the month following the month that the sales tax was collected.

ST-51 Filing Date

ST-51 must be filed by the 20th day of the month following the month that the sales tax was collected.

PAYROLL TAX & REPORTING REQUIREMENTS FOR ORGANIZATIONS WITH EMPLOYEES

Every organization paying wages to employees is required to withhold from the employee's gross earnings a specified amount of Federal Income Tax and a percentage of Social Security Tax.

Federal Income Tax

A pre-payment of the employee's personal Federal Income Tax. The amount of tax withheld from the employee's compensation is based upon the employee's gross wages, the length of pay period, the employee's marital status, and the number of exemptions the employee has claimed on Federal Form W-4.

Once the employer has received IRS Form W-4 from an employee, the amount to be withheld is determined from the tables in Federal circular E booklet, published by the Internal Revenue Service. The table shows the specific amount of tax to be withheld by the employer corresponding to the gross wages earned by the employee.

Social Security Tax (FICA)

Generally, salaries, including those paid by nonprofits, are subject to Social Security Tax (Federal Insurance Contribution Act or FICA). FICA is withheld from the employee's compensation. This is matched by an amount that must be contributed by the employer.

For 1999, a combined tax rate of 7.65% (6.2% for old age, survivors and disability insurance and 1.45% for hospital insurance) is imposed on both employer and employee. The 6.2% rate applies to the first 472,600 of each individual's salary. The 1.45% rate applies to all of the individual's salary.

Federal Forms to Be Filed

I-9

Employment Eligibility Verification: verifies the right of an employee to work in the U.S. All employers or referral agencies, without restriction to size must complete the form and keep them on file.

W-4

Employee's Withholding Allowance Certificate: reports the employee's marital status, and the number of allowance s/he wishes to claim for income tax purposes. Each new employee must complete a w-4. Any time the marital status or number of allowance change; the employee must file a new W-4 with the employer.

941

Employer's Quarterly Tax Return: summarizes and reports to the IRS the amount of Federal Withholding Tax, FICA withheld from all employees, and the employer's portion of FICA.

If you deposit taxes on a regular, timely basis (see form 8109 below), you have ten additional days at the close of the quarter to file Form 941

941 Filing Dates		
Quarter		Due Dates
Jan-Feb-March	→	April 30
April-May-June	→	July 31
July-Aug-Sept	→	Oct. 31
Oct-Nov-Dec	→	Jan. 31

8190

Tax Deposit Federal Coupon Book: contains fifteen coupons for depositing all typed of taxes. Check the box marked 941 and uses a coupon to deposit Federal Withholding, FICA taxes withheld from the employees' wages, and the employer's FICA. Take the deposit and the coupon t an authorized financial institution or a Federal Reserve Bank or Branch. The frequency of deposits depends on the amount of taxes due. The IRS will notify employers each November of their deposit frequency for the following calendar year based on the following.

8190 FILING DATES

To determine your depositor status for 2004,
You must review your Federal Form 941
From quarters ending 9/02, 12/02, 3/03, and 6/03

**If the Net Taxes figure on Line 13 of
941 in the Look-back period is:**

Then deposit is due:

\$50,000 or less

On or before the 15th of the following
month

More than \$50,000;
but less than \$100, 000

For checks dated Wed., Thur., or Fri.- the
following Wednesday

For checks dated Sat., Sun., Mon., or Tues.
the following Friday

\$100,000 or more

Next Banking Day and employer becomes a
semi-weekly depositor for the remainder
of the calendar year and for the following
calendar year.

W-2

Wages and Tax Statement: summarizes gross compensation paid to, and the taxes withheld from, an employee. At the end of each calendar year, a W-2 is prepared for each employee reporting the employee's wages (salary) for that year.

Copy A of the W-2 is mailed with Form W-3 to the Social Security Administration.

Copy 1 of the W-2 is mailed with Form 501R to Pennsylvania.

Copy 2 of the W-2 is mailed with Form 83-T-47 to Philadelphia if city wage tax has been withheld or if local income tax is levied.

Copy B, C and extra Copy 2 of the W-2 are given to the employee.

Copy D of the W-2 is kept for the employer's files.

W-2 Filing Date

Employees' copies must be given to employees no later than January 31 of the following year

W-3

Transmittal of Income and Tax Statements: wages paid and taxes withheld for all employees, in total, are reported, and sent to the Social Security Administration with all Copy A's of all employee's W-2s.

W-3 Filing Date

The W-3 must be filed no later than February 28 of the following year

Pennsylvania Forms

Every organization paying wages to its employees is required to withhold from the employee's gross earning a specified amount of Pennsylvania Income Tax. All employers except churches or exempt religious organization and certain other organizations pay Pennsylvania Unemployment Compensation Tax.

PA State Income Tax

All Pennsylvania employers must withhold personal income tax from the wages of state residents. The amount of tax withheld from the employee's compensation is 3.07% of gross wages for 2004.

501/501 R

Employer Deposit Statement of Income Tax Withheld: send with remittance of all state income taxes withheld. New employers use 501 R for the same purpose as 501. Continuing employers automatically receive Form 501 with the employer's name and identification number preprinted.

The frequency of payment depends on the total amount of taxes withheld in a calendar quarter.

<u>501/501 R Filing Dates</u>	
<u>Expected amount withheld:</u>	<u>Payment must be made:</u>
Less than \$300	Quarterly (by April 30, July 31, October 31, January 31)
More than \$300; but less than \$ 1,000	By the 15 th of each month Following if the amount exceeds \$300; December's Withheld taxes can be paid January 31.
\$1,000 or more	By the third banking day after the 15 th of the month and the end of the month

PA State Unemployment Tax

Pennsylvania Unemployment Compensation Tax (PAUC): rate is set at a minimum of 3.752% for new employers on gross wages up to \$8,000 per employee. In addition, there is a withholding requirement for all employee wages equal to .09% of taxable compensation. After a period, the state will be adjust the rate based on contributions to and withdrawals made from the fund for he collection of benefits by employees (experience rate).

UC-2

Quarterly Return of State Unemployment Taxes: sent with remittance of State Employment Compensation Taxes withheld.

UC-2 Filing Date
UC-s if filed with remittance by April 30, July 31, October 31, and January 31.

REV 1667

W-2 Transmittal: filed with State copies of W-2s of all employees. Note: Special rules apply to out-of-state employees. Contact the State Department, your tax advisor, or call Ask An Accountant for more information.

REV 1667 Filing Date

REV 1667 is filed no later than
January 31 of the following year.

Philadelphia Forms

All Pennsylvania employers, whether in or outside of the City of Philadelphia, must withhold **City Wage Tax** from wages of employees who work or live within the official boundaries of the City of Philadelphia. For 2004, the amount of tax withheld from the employee's compensation is set 4.46257% of gross wages for Philadelphia residents and 3.8801% for non-residents working in Philadelphia. These rates often change as of July 1. The city should notify you if this occurs.

Philadelphia Department of Revenue Coupon Book: sent with remittance of City Wage Tax withheld. The frequency of payment depends on the total amount of tax withheld in a one-month period.

Philadelphia Coupon Filing Date

Amount withheld in a month is:

Then Payment must be made:

Less than \$350

Quarterly (by April 30, July 31, October 31, January 31)

More than \$350;
but less than \$16,000

By the 15th of the following month

\$16,000 or more

Within 3 banking days of each day payment is made to the employee, not to exceed one payment in seven-day period.

83-T-47

Summary of City Wage Tax: summarizes the City Wage Tax paid during the previous year. Filed with City copies of W-2 for all employees.

83-T-47 Filing Date

No later than February 28 of the following year.

New Jersey Forms

NJ State Income Tax

All New Jersey employers must be withhold gross income tax from the wages of state residents. The amount if tax withheld from the employee’s compensation is determined from the tables published by the New Jersey Division of Taxation.

NJ-500

Gross Income Tax Withholding Return: sent with remittance of all gross income tax withheld. Employers automatically receive a booklet with preprinted coupons. The frequency of payment depends on the total amount of taxes withheld.

<u>NJ-500 Filing Date</u>	
<u>Amount withheld</u>	<u>Due Date</u>
Less than \$25 per month and less than \$150 for six months	July 31, January 31
Less than \$200 per month and less than \$600 per quarter	April 15, July 15, Oct. 15, Jan. 31
Over \$200 per month, but less than \$18,000 for six months	By the 15 th day of the following month
Over \$18,00 for six months.	By the 15 th day of each month

NJ-W3

Transmittal of Income and Tax Statements and Reconciliation of Tax Withheld: serves as both the transmittals for the submission of the State's copy of the W-2 forms and a reconciliation of the gross income tax withheld and paid.

NJ-W-3 Filing Date

NJ-W-3 is filed no later than
February 15 of the following year.

NJ Unemployment and Disability

Employees and employers in New Jersey are required to pay unemployment and disability taxes. The employee's rate is .925% on the first 24,300 in wages. The employers' rate is determined annually based on their experience (new employers rate is set at 3.3%) and is paid on the first 24,300 in wages.

NJ-927

Quarterly Contribution Report. Sent with remittance of employer and employees' contributions.

NJ-927 and WR-30 Filing Dates

NJ-927 and WR-30 are filed no later
than April 30, July 31, October 31,
and January 31.

WR-3

Employer's Report of Wages Paid. Sent quarterly with the NJ-927 form showing wages and base week paid.

RESOURCES

Where to Obtain Forms and Information

FEDERAL

Internal Revenue Service

General Information 1-800-829-1040

All Forms 1-800-829-3676

Tele Tax (tax information on over 140 tax topics) 1-800-829-4477

IRS Web page: <http://www.irs.ustreas.gov> (instructions, publications, and

tax-

law changes)

PENNSYLVANIA

Taxpayer Information Service (dept. of Revenue) 215-560-2056.

All forms 1-800-362-2050

Bureau of Charitable Organizations Registration

Bureau of Charitable Organizations

P.O Box 8723

Harrisburg, PA 17105

1-800-732-0999

717-783-1720

<http://www.dos.state.pa.us>

Unemployment Compensation

Bureau of Employer Tax operations

444 North 3rd St., Suite 3B

Philadelphia, PA 19123
215-560-1828

Sales Tax

Department of Revenue
Business Trust Fund Taxes
Dept. 280905
Harrisburg, PA 17128-0905
717-787-1064
1-888-PATAXES
<http://www.revenue.state.pa.us>

PHILADELPHIA

City of Philadelphia
Department of Revenue
P.O. Box 806
Philadelphia, Pa 19102

Customer Information Phone Line
(forms may be requested over the telephone)
215-686-6600
215-686-2044

NEW JERSEY

Charitable Registration and Investigation Act

New Jersey Division of Consumer Affairs
Charitable Registration and Investigation Section
124 Halsey St.
Newark, NJ 07101
973-504-6215

Payroll and Sales Tax

New Jersey Division of Taxation
P.O. Box 269
Trenton, NJ 08646-0269
609-588-2200
1-800-323-4400

Tax Fax 609-588-4500

www.state.nj.us/treasury/taxation/

Unemployment compensation

Division of Unemployment and Disability Insurance

Department of Labor building

CN 390

Trenton, NJ 08625

609-292-2638

www.state.nj.us/labor/

TAX AND REPORTING CALENDAR

- January**
- 1 Form W-4**
 - 13 Form BCO-100 or fiscal year end August 31**
 - 15 Form 990/990PF/990T for fiscal year end August 31**
 - 31 Form W-2**
 - 31 Form 941**
 - 31 Quarterly return by employer of State unemployment taxes**
 - 31 Forms 940**
 - 31 Forms CRI-300R/CRI-200 for fiscal year end July 31**
 - 31 Forms 1099 Copy B**
- February**
- 12 Form BCO-100 for fiscal year end September 30**
 - 15 Form 990/990PF/990T for fiscal year end September 30**
 - 28 Form 1099 copy A accompanied by Form 1096**
 - 28 Form W-3**
 - 28 Forms CRI-300R/Cri-200 for fiscal year end August 31**
- March**
- 15 Form 990/990PF/990T for fiscal year end October 31**
 - 15 Form BCO-100 for fiscal year end October 31**
 - 31 Forms CRI-300R/CRI-200 for fiscal year end September 30**
- April**
- 14 Form BCO-100 for fiscal year end November 30**
 - 15 Form 990/990PF/990T for fiscal year end November 30**
 - 30 Form 941**
 - 30 Quarterly return by employer of State unemployment taxes**

May 30 Forms CRI-300R/Cri-200 for fiscal year end October 31
 15 Form 990/990PF/990T for fiscal year end December 31
 15 Form BCO-100 for fiscal year end December 31
 31 Forms CRI-300R/CRI-200 for fiscal year end November 30

June 15 Form 990/990PF/990T for fiscal year end January 31
 15 Form BCO-100 for fiscal year end January 31
 30 Forms CRI-300R/CRI-200 for fiscal year end December 31

July 13 Form BCO-100 for fiscal year end February 28
 15 Form 990/990PF/990T for fiscal year end February 28
 31 Form 941
 31 Quarterly return by the employer of State employment taxes
 31 Forms CRI-300R/CRI-200 for fiscal year end January 31

August 14 Forms BCO-100 for fiscal year end March 31
 15 Form 990/990PF/990T for fiscal year end March 31
 30 Forms CRI-300/CRI-200 for fiscal year end February 28

September 12 Form BCO-100 for fiscal year end April 30
 15 Form 990/990PF/990T for fiscal year end April 30
 30 Forms CRI-300R/CRI-200 for fiscal year end March 31

October 13 Form BCO-100 for fiscal year end May 31
 15 Form 990/990PF/990T for fiscal year end May 31
 31 Forms 941
 31 Quarterly return by the employer of State unemployment taxes
 31 Forms CRI-300R/CRI-200 for fiscal year end April 30

November 12 Form BCO-100 for fiscal year end June 30

15 Form 990/990PF/990T for fiscal year end June 30

30 Forms CRI-300R/CRI-200 for fiscal year end May 31

December 13 Form BCO-100 for fiscal year end July 31

15 Form 990/990PF/990 T for fiscal year end July 31

31 Forms CRI-300R-CRI-200 for fiscal year end June 30