

NEW FEDERAL TAX LAW AFFECTS PTAs

In August 2006 Congress enacted legislation that will have an impact on many if not all PTAs. PTAs should become familiar with the provisions of this legislation and consider what steps they need to take to comply with the new regulations. There are three specific areas that are likely to have an effect on PTAs.

First - Modification of record-keeping requirements for donors. To claim a donation to a PTA, the donor must have a cancelled check, bank record, or receipt that shows the name of the organization to which the donation was made and the date and amount of the contribution. Previously this requirement applied only to donations of \$250.00 or more.

Second - Notification requirements for tax-exempt organizations. This requirement will have an impact on the PTAs that were not previously required to file federal tax returns. PTAs must file with the IRS an annual notice containing basic contact and financial information, regardless of the amount of their annual gross receipts. Failure to file for three consecutive years will result in the loss of the PTA's tax-exempt status. The form for this return is not available at the present time but more information will be provided as it becomes available.

Third - Public disclosure of information concerning unrelated business income. This provision extends the public disclosure requirement applicable to Form 990 to cover Form 990-T, the unrelated business income tax return. Previously, Form 990-T was not a public document and did not have to be provided to the public upon request.

Please refer to page 18 of the December 2006/January 2007 *Our Children* magazine for more information.