

EOTS NewsFlash

Exempt Organizations Tax Services

March 23, 2012

IRS makes Form 990 Schedule K-1 reporting of joint ventures and partnership investments optional for 2011 tax year

In documentation posted to its website on March 22, 2012, the Internal Revenue Service announced that the new Form 990 requirement for Schedule K-1 reporting of information on joint ventures and other partnerships will be optional for 2011.

This initial requirement to report income, expenses, and balance sheet items related to partnership investments on the 2011 Form 990 based on Schedule K-1 information was introduced in the 2011 Form 990 and Instructions released by the IRS on January 21, 2012. Historically, partnership information on the Form 990 was reported consistently with all other financial data based on an organization's books and records.

This dramatic shift in reporting of partnership information likely would have resulted in multiple inconsistencies throughout the Form 990 financial data and would have created significant burden for many organizations, particularly those who receive a large number of Schedules K-1 related to their partnership investments.

In a document entitled "2011 Form 990 and 990-EZ –Significant Changes," the IRS explains that the new reporting requirement has been made optional for each of the affected areas of the return: Part VIII, *Statement of Revenue*; Part X, *Balance Sheet*; and Appendix F, *Disregarded Entities and Joint Ventures*.

PwC previously released NewsFlashes calling attention to this change on January 9 and January 23, after the release of the 2011 Form 990 and Instructions in draft and final form, respectively. We view the IRS decision to remove the reporting requirement for 2011 as a major development and applaud the IRS for taking prompt action.

It is not immediately clear what the IRS' intentions are with respect to future reporting of joint ventures and partnership investments on the 2012 Form 990, or if the new reporting of joint ventures and partnership investments will be required beginning in the 2012 tax year. We intend to submit formal comments to the IRS regarding these reporting changes for 2012 and later years.



Click [here](#) to access the IRS's 2011 Form 990 and 990-EZ – Significant Changes.

Click [here](#) to access PwC's January 9 NewsFlash.

Click [here](#) to access PwC's January 23 NewsFlash.

* * * * *

For additional information, please contact a National Tax Services Exempt Organizations Tax Services Practice representative:

<i>Marci Krause</i>	<i>202-414-1012</i>	<i>marci.k.krause@us.pwc.com</i>
<i>Rob Friz</i>	<i>267-330-6248</i>	<i>robert.w.friz@us.pwc.com</i>
<i>Travis Patton</i>	<i>202-414-1042</i>	<i>travis.patton@us.pwc.com</i>
<i>Gwen Spencer</i>	<i>617-530-4120</i>	<i>gwen.spencer@us.pwc.com</i>
<i>Kaye Ferriter</i>	<i>617-530-4063</i>	<i>kaye.b.ferriter@us.pwc.com</i>
<i>Laura Parello</i>	<i>646-471-2472</i>	<i>laura.j.parello@us.pwc.com</i>
<i>Howard Schoenfeld</i>	<i>202-414-1717</i>	<i>howard.schoenfeld@us.pwc.com</i>
<i>Ron Schultz</i>	<i>202-346-5096</i>	<i>ronald.j.schultz@us.pwc.com</i>
<i>Caroline Burnicki</i>	<i>617-530-5767</i>	<i>caroline.n.burnicki@us.pwc.com</i>
<i>Larry Desalvo</i>	<i>267-330-6322</i>	<i>larry.desalvo@us.pwc.com</i>
<i>John Edie</i>	<i>202-414-1569</i>	<i>john.edie@us.pwc.com</i>
<i>Michelle Michalowski</i>	<i>202-414-1615</i>	<i>michelle.g.michalowski@us.pwc.com</i>
<i>Eric McNeil</i>	<i>267-330-6415</i>	<i>eric.m.mcneil@us.pwc.com</i>
<i>Erin Couture</i>	<i>617-530-6179</i>	<i>erin.couture@us.pwc.com</i>
<i>Jocelyn Bishop</i>	<i>617-530-4946</i>	<i>jocelyn.bishop@us.pwc.com</i>

This document is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties.

SOLICITATION

© 2012 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP, a Delaware limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.