

# ***EOTS NewsFlash***

Exempt Organizations Tax Services

October 19, 2012

## *IRS releases group ruling questionnaire*

The IRS recently announced it is in the process of mailing letters to over 2,000 central organizations with group rulings, requesting that the organizations complete an on-line compliance check questionnaire. According to the IRS, the purpose of the questionnaire is to help the IRS better understand the relationship between central organizations and their subordinates, and how they satisfy their exemption and filing requirements.

Completion of the questionnaire is optional, but encouraged. Only organizations that received the IRS letter, which includes a user name and ID, can log in to complete the questionnaire; however, the IRS has posted a copy of the questionnaire to [irs.gov](http://irs.gov) for public reference. The deadline for completing the questionnaire is 60 days after the date of the letter.

IRS announcements related to the questionnaire prior to its release were covered in previous PwC NewsFlashes (see links below). The questionnaire has 80 questions in 9 parts. Highlights of the questionnaire include:

Part I requests basic information about the central organization, including name, EIN, website, group exemption number, and information about the central organization's tax-exempt status and private foundation or public charity classification. This part includes a question that asks whether the central organization's tax exemption has ever been automatically revoked for not filing a required Form 990, 990-EZ, or 990-N.

Part II focuses on information about the activities and characteristics of the subordinate organizations and the requirements for joining the group. This part also contains questions concerning information that the central organization uses in evaluating whether a subordinate should be added to their group and who has responsibility for overseeing the relationships between the central organization and the subordinates.

Part III focuses on the communications between the central organization and its subordinates. Questions include whether the organization communicates with subordinates' directors, trustees, or officers through in-person meetings and regular



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conference calls, and whether the central organization uses a newsletter, website, or other means to communicate with subordinates.

Part IV focuses on governance relationships between the central organization and its subordinates, and includes questions concerning board and officer overlap and appointment powers between the organizations. Questions in this part address whether the central organization plays a role in determining compensation paid to the officers and directors of subordinates and whether the central organization has approval or veto power over decisions of subordinate organizations. This part also asks whether the central organization requires subordinates to provide it with copies of their financial statements and annual Form 990-series returns.

Part V requests information on services provided by the central organization to subordinates, such as educational training, financial support, fundraising assistance, and other administrative services and support.

Part VI focuses on the removal of subordinates from the group ruling and whether written standards apply when a subordinate is removed. This part also asks whether any subordinates have lost their tax exemption while part of the group, and whether any organizations that have had their tax exemption revoked have been added to the group.

Part VII includes questions concerning Form 990-T filing by subordinates. Questions in this part also ask whether the central organization has filed Form 990-T on behalf of subordinates or has included subordinate information on its own Form 990-T.

Part VIII concerns annual information returns and notices (Forms 990, 990-EZ, and 990-N) filed by the central organization and subordinates. This part contains detailed questions about group return filing for tax years 2008, 2009, and 2010, and whether subordinate organizations included in group returns have separately disclosed information included in a group return. This part also includes questions related to how the central organization informs subordinates of their annual Form 990-series filing obligations and how the central organization confirms whether subordinates' returns were filed.

Finally, Part IX is concerned with the annual group exemption updates provided to the IRS, and how the central organization verifies the continued existence of subordinates prior to notifying the IRS of changes in the group exemption.

Click [here](#) to access IRS information on the questionnaire.

Click [here](#) to access PwC's NewsFlash discussing the FY 2012 Work Plan.

Click [here](#) to access PwC's NewsFlash regarding a prior announcement by an IRS official concerning the questionnaire.

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