

# *EOTS NewsFlash*

Exempt Organizations Tax Services

April 25, 2012

## *PwC releases annotated 2011 Form 990 and Instructions*

PwC is pleased to provide you annotated versions of the 2011 Form 990, all available schedules and the corresponding instructions. The documents include PwC highlights of and comments on key changes and additions to the core form, schedules and instructions introduced in 2011.

The documents are fully searchable and include a linked table of contents and bookmarks to assist with navigation.

### *Highlights of the 2011 core form and schedules:*

The IRS summarizes its list of significant changes on Pages 1-2 of the core Form 990 instructions. Some of the more important items are detailed below.

- **Optional Schedule K-1 reporting of joint ventures and partnership investments:** Although made optional for the 2011 tax year (see PwC NewsFlash discussing Announcement 2012-19, link below), the 2011 instructions introduce a new requirement that an organization report its income, expenses, and balance sheet items related to partnership investments on the 2011 Form 990 based on Schedule K-1 information instead of its books and records.
- **Changes to reportable compensation:** Reportable compensation for officers and employees includes compensation reported in Form W-2, box 1 or 5 (whichever amount is greater). In addition, changes to Part VII, Section B clarify that payments made to independent contractors should be reported for the calendar year ending with or within the organization's tax year.
- **Schedule F:** Changes to Part IV, line 14b now trigger a new Schedule F filing requirement for an organization that has foreign investments during the year valued at \$100,000 or more. Also, grants greater than \$5,000 made to a U.S. organization (or entity) or individual, respectively, for use outside of the United States should now be reported on Schedule F. **NOTE:** It appears that grants to U.S. organizations (or entities) and individuals for foreign activity should be reported on both Schedule F & Schedule I.
- **Schedule H:** All Schedule H filers must complete Part V, Section B, lines 8-21 (lines 1-7 remain optional). The instructions also eliminate the



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requirement that bad debt expense be reported at cost (the instructions now require the use of the most accurate system and methodology).

- **Schedule K:** A new Part V has been added in 2011 to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations.
- **Schedule R:** The 2011 instructions modify the reporting requirements applicable to interests in split-interest trusts. An organization may now report its interest in a split-interest trust by number and type of trusts, using a generic description (e.g., "Charitable lead trust").

Click [here](#) to access the annotated 2011 Form 990 document.

Click [here](#) to access the annotated 2011 Form 990 instructions document.

Click [here](#) to access PwC's NewsFlash discussing Announcement 2012-19.

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