



Tax Insights
from Exempt Organization
Tax Services

Treasury announces new Form 990 transparency initiative

April 29, 2026

In brief

What happened?

Treasury announced plans to revise IRS Form 990, Return of Organization Exempt From Income Tax, with the goal of enhancing transparency and strengthening tax administration for certain activities of Section 501(c)(3) organizations. According to the Treasury [press release](#), these changes are “intended to detect misconduct and hold wrongdoers accountable.”

Key areas targeted for enhanced reporting include:

- **Government grants and contracts:** Because these arrangements can involve substantial public funds, clearer reporting could improve IRS and public understanding of funding sources and uses, support accurate revenue classification, and reduce risk of fraud, abuse, and misuse of taxpayer dollars.
- **Fiscal sponsorship arrangements:** In general, fiscal sponsorships involve tax-exempt organizations providing financial support to projects run by non-tax-exempt entities, effectively extending tax benefits to those organizations. While Treasury acknowledges fiscal sponsorships are lawful methods to support charitable projects, it also highlights congressional concerns that some arrangements might obscure operational control and the flow of funds.

Treasury and the IRS indicated they intend to issue proposed regulations with an opportunity for public comment before finalizing reporting changes. They have pledged to consider feasibility, proportionality, and reporting burden in crafting the proposal.

Why is it relevant?

Treasury emphasized that clearer reporting could help the IRS and the public better understand sources and uses of public funding, support proper revenue classification, and reduce fraud, abuse, and misuse of taxpayer dollars. Additionally, Treasury stated that increased transparency around fiscal sponsorships could help address concerns that some entities could use these arrangements to conceal who runs a project, controls funds, and how funds are used—potentially allowing “rogue organizations” to operate behind opaque structures.

This initiative is part of a broader trend toward heightened scrutiny of governance, funding traceability, and accountability among tax-exempt organizations—especially when public funds, politically sensitive activity, or complex intermediary structures are involved. Treasury’s focus on government grants and contracts and fiscal sponsorship suggests regulators are prioritizing visibility into how charitable dollars are controlled and deployed.

Actions to consider

While Treasury has not specified which sections of Form 990 will be subject to enhanced reporting requirements, an organization’s readiness to respond could largely depend on the quality of its recordkeeping. Consider taking the following steps:

- **Inventory potentially affected activities:** Identify all government grants and contracts, and any fiscal sponsorship structures within your organization.
- **Evaluate controls and documentation effectiveness:** Assess whether internal tracking and governance records clearly identify (1) sources of funds, (2) restrictions on funds, (3) who controls funds at various stages of a project, and (4) the ultimate use of funds—particularly for sponsored projects.
- **Prepare for potential disclosure expansion:** Review existing narratives, schedules, and supporting documentation to assess whether they can withstand increased IRS and public scrutiny related to these areas.

Let’s talk

For a deeper discussion of how these developments may affect your organization, please reach out to your PwC engagement team or a member of our Exempt Organization Tax Services practice:

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Meet our Exempt Organization Tax Services team

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