

AN ALERT FROM THE BDO NONPROFIT SERVICES PRACTICE

BDO KNOWS:

NONPROFIT SERVICES



► SUBJECT

TWO-MONTH SUSPENSION OF E-FILING AND AUTOMATIC EXTENSION

► DETAILS

In recently released Notice 2012-4, the Internal Revenue Service announced that its E-filing system would be unavailable from January 1, 2012, until February 29, 2012, for electronic filing of all exempt organization returns on Forms 990, 990-EZ, and 990-PF, Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations, and Form 8868, Application for Extension of Time To File an Exempt Organization Return. Therefore, no organizations will be able to E-file these forms until March 1 whether or not they are required to E-file them. This suspension is due to systems and programming changes being made to the IRS computer system. Form 990-N, the E-Postcard for small organizations, is unaffected by the suspension; it can be E-filed during this period. The complete text of Notice 2012-4 is available at www.irs.gov/pub/irs-drop/n-12-04.pdf.

As a result of this suspension, the Service has granted an extension of time to file until March 30, 2012, for certain affected organizations. The extension applies to organizations whose initial due date or first extended due date is January 17, 2012, or February 15, 2012. The extension to March 30 is automatic; thus, there is no need to file an extension application on Form 8868 if an organization is filing electronically or on paper by March 30. Organizations that are normally required to E-file during the suspension period may file on paper during that period. However, they may subsequently receive a notice from the Service asking why they did not E-file their returns. They are advised to respond to the notice by simply stating "Paper Filing Pursuant to Notice 2012-4".

CONTACT:

MIKE SORRELLS
National Director,
Nonprofit Tax Services
301-634-4997
msorrells@bdo.com

JOYCE UNDERWOOD
301-634-4916
junderwood@bdo.com

It is important to note that the automatic extension does not apply to organizations that have already applied for their second three-month extension, inasmuch as the total extension period is limited to six months. These organizations may file on paper if they wish to file during the suspension period. Organizations that have applied for a second extension and then subsequently file after their extended due date but on or before March 30 will have reasonable cause to take advantage relief from late-filing penalties. Such organizations should attach a statement of reasonable cause for late filing to their return.

If a nonprofit organization has an unextended due date or first extension period within the suspension period and desires to have a full three-month second extension (*e.g.*, a February 15 due date to be extended to May 15) past the March 30 automatic extension, the organization should file Form 8868 on paper by the original due date or first extended due date in order to have the full three-month extension.

All affected organizations should familiarize themselves with Notice 2012-4 and plan the timing of their tax filings and extensions accordingly.

If you have any questions about this Tax Bulletin, please contact Mike Sorrells, National Director, Nonprofit Tax Services, at 302-4997 (internal) or 301-634-4997 (external), or by E-mail at msorrells@bdo.com; or Joyce Underwood at 302-4916 (internal) or 301-634-4916 (external), or by E-mail at junderwood@bdo.com.

The Tax Practice at BDO is among the largest tax advisory practices in the United States. With more than 40 offices and more than 400 independent alliance firm locations in the United States, BDO has the bench strength and coverage to serve you.

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 40 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,118 offices in 135 countries.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information, please visit: www.bdo.com.

To ensure compliance with Treasury Department regulations, we wish to inform you that any tax advice that may be contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or applicable state or local tax law provisions or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

Material discussed in this tax alert is meant to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.