

Forgo Forfeiture, Resist Revocation!

A Guide to Checking and Preventing Charter Forfeiture & 501(c)(3) Revocation



Beat the (regulatory) heat this summer by checking to ensure your nonprofit filed all required paperwork with the Maryland State Department of Assessments and Taxation (SDAT) and the IRS. To conduct activities in Maryland and accept tax-deductible donations, a nonprofit should keep its charter in good standing and its 501(c)(3) status intact.

Corporate Charter Check

SDAT removes inactive and noncompliant entities by forfeiting their corporate charter. From July through September, SDAT posts an online list of organizations risking potential forfeiture. **Do not let your nonprofit end up on this list; file the Form 1 on time!**

Often, forgetting to file a Form 1 Personal Property Return leads to forfeiture. Nonprofits can avoid forfeiture by filing delinquent forms and paying its taxes (if any are due). Find instructions for Form 1 on the [SDAT website](#).

To check a nonprofit's corporate status, enter its name into the [Business Data Search](#) and click on "General Information." If it says "No" next to "Good Standing," then a filing may be missing. Click on "Personal Property" to see which year(s) may have been missed. To file the missing years' forms, find this year's Form 1 online [here](#), and prior years' forms [here](#). If the organization's status is "Forfeited" talk to Community Law Center about getting legal assistance to revive the corporate charter. **Nonprofits typically file for free! Talk to Community Law Center before paying any taxes or fees, because your organization may qualify for exemption.**

Reinstating 501(c)(3) After Revocation

Last year, the IRS announced that over 275,000 nonprofit organizations lost their tax-exempt status, including over 7,000 Maryland nonprofits. In 2008, the IRS began requiring a 990-N tax return for small organizations. Organizations that failed to file these or other required returns for three consecutive years lost their 501(c)(3) status. A list of revoked exempt organization may be found online [here](#). **Do not let your nonprofit end up on this list; file the 990, 990-EZ, or 990-N on time!**

Any organization seeking reinstatement of its tax-exempt status must apply for tax-exemption using the Form 1023 (or Form 1024 for 501(c)(4) nonprofits). **Transitional reinstatement relief runs out this year** for small exempt organizations eligible to file a Form 990-N (e-Postcard) in tax years 2007, 2008, and 2009. In addition to a reduced fee (\$100 instead of \$400) the transitional relief retroactively reinstates exemption, rather than requiring the organization to begin the application process from scratch. For details on the requirements for obtaining transitional relief, see [Notice 2011-43](#) and this short [video](#). **Community Law Center** encourages all organizations to obtain legal counsel prior to applying for tax-exemption, and **urges nonprofits requiring reinstatement to apply for help today before the transitional relief expires.**

To get legal help for your organization, fill out Community Law Center's [application for legal services](#).



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