

IRS Donor Disclosure Requirements Eliminated for Most Nonprofit Organizations

July 17, 2018

I. What's Changed

Most section 501(c) organizations—including those exempt under sections 501(c)(4), 501(c)(5), 501(c)(6)—will no longer be required to disclose donor names and addresses on Schedule B of their Form 990 or Form 990-EZ for tax years ending on or after December 31, 2018. This change, announced yesterday in [Revenue Procedure 2018-38](#), applies to all section 501(c) organizations, other than section 501(c)(3) organizations. It also does not apply to section 527 organizations. Both section 501(c)(3) and 527 organizations are required by statute to report their donors.

Organizations in the process of preparing Form 990s for the 2017 tax year must still disclose donor information on Schedule B as the notice does not impact reporting for tax years ending before December 31, 2018. Although organizations will no longer be required to report this information on Schedule B, the IRS has stated that “organizations must continue to collect and keep this information in their records and make it available to the IRS upon request, when needed for tax administration.”

In making this change, Treasury Secretary Steven T. Mnuchin stated that “the IRS simply does not need tax returns with donor names and addresses to do its job in this area.” Among the reasons for the change, the IRS provided that with the elimination of the federal gift tax to most of these organizations, the donor information was no longer relevant.

Prior to this change, these organizations were generally required to list on Schedule B the names, addresses, and amounts of donations received from any donor that contributed \$5,000 or more. The donor information was required to be reported to the IRS, but the donor identifying information was required to be redacted on publicly released versions of an organization’s return. There have been indications that the IRS was considering this change since at least 2015. A Priority Guidance Plan update issued by the Treasury Department and the IRS in July 2015 included guidance “relating to the reporting of contributions.” Further speculation emerged in December of 2015 when the Director of Exempt Organizations publicly discussed the possibility of eliminating Schedule B at a conference hosted by the Urban Institute. More recently, the Advisory Committee on Tax Exempt and Government Entities recommended that the Treasury Department should eliminate the Schedule B for organizations that file electronically to incentivize e-filing of the Forms 990 and 990-EZ.

II. State Implications

In many states organizations that are registered to do business or solicit donations are required to provide a copy of their Form 990 to the state. In recent years, some organizations have disputed whether the donor information reported on Schedule B but not subject to public disclosure is required to be submitted to state governments. This Revenue Procedure eliminates this tension for the organizations covered by the change, as there will no longer be a

version of the Form 990 that includes data that is not subject to public disclosure. State regulators that rely on the availability of this donor information for regulatory enforcement will need to adopt alternative reporting requirements if the state wishes to obtain this donor information going forward.

For more information on this Alert or more general information on Form 990 reporting requirements, please contact a member of [Caplin & Drysdale's Exempt Organizations](#) or [Political Law](#) teams.

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