

Changes to Form 990-T

Form 990-T has not seen significant changes since 1951 – until now! For 2019, Schedule M was added in order to report more than one unrelated business activity. That schedule is now gone.

For 2020, Form 990-T became a 2-page summary form. And “Schedule A” has become an updated, reorganized, and stylized version of what the Form 990-T used to be – just a year or so ago! The ill-fated Schedule M (Form 990-T) only lasted a year...

Each unrelated business activities must be group in “silos” by the NAICS two-digit code regime. Going forward, each unrelated trade or business of an organization has a separate Schedule A (Form 990-T) that is required to be attached to the return, along with a listing of how many Schedules A are attached. Although all unrelated trade or business activities or “silos” must be reported on a separate Schedule A, only those showing a profit for the year will be aggregated and reported on the new Form 990-T at Part I, Line 2.

On a positive note, the new Form 990-T allows the deduction of Charitable contributions (if applicable) on Part I, Line 4 as a deduction against the full amount of aggregated unrelated business income. Thus, the charitable contribution deductions do not have to be allocated across all of an organization’s unrelated business activities.

For many organizations, November 15, 2021 saw the first time they were required to file Form 990-T electronically. The IRS did not appear to be ready for this and in many instances, trying to “get things right” with the IRS through fax, phone, or mail has proven – in these times – to be a... let’s say protracted process.

From Dictionary.com:

Protracted = drawn out or lengthened in time; extended in duration.