

August 14, 2014

Ms. Tamera Ripperda
Director, Exempt Organizations
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Via E-mail: tegeef990revision@irs.gov

Re: Application for Extension of Time to File an Exempt Organization Return

Dear Ms. Ripperda:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, is pleased to provide comments and recommendations regarding the extension process for Form 990, *Return of Organization Exempt From Income Tax*, specifically that a single six month extension be employed.

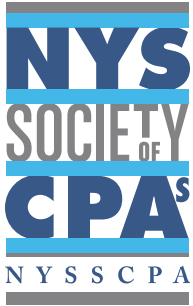
The NYSSCPA's Exempt Organizations Committee developed the attached comments and recommendations. If you would like additional discussion with us, please contact Kevin Sunkel, Chair of the Exempt Organizations Committee, at (212) 682-2783, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

A handwritten signature in black ink that reads "S. M. Adair". The signature is written over a faint, semi-transparent watermark of the NYSSCPA logo.

Scott M. Adair
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**APPLICATION FOR EXTENSION OF TIME TO FILE AN EXEMPT
ORGANIZATION RETURN**

August 14, 2014

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The New York State Society of Certified Public Accountants

Comments on

Application for Extension of Time to File an Exempt Organization Return

The NYSSCPA believes that updating the extension process for Federal Form 990, *Return of Organization Exempt From Income Tax*, to require that only a single six month extension rather than two separate three month extensions is beneficial to the Internal Revenue Service (IRS), the tax exempt industry, taxpayers and tax professionals.

Current Trends in Streamlining Extensions and Recommendation

We have already observed efforts toward streamlining the process for extension requests for tax filings such as the following:

- Corporate, partnership, individual and fiduciary returns have all moved to a single extension for the maximum amount of time allowable associated with their Federal returns.
- In The State of New York, the Charities Bureau of the New York State Attorney General's office has recently approved a single 180-day extension for the New York Charitable Organization report, Form CHAR 500 (a New York form filed by exempt organizations that file Form 990).

We recommend similar streamlining for the process of extension requests for Form 990 by eliminating the existing requirement for an initial three-month extension followed by a second three-month extension and adopting a single six-month extension request.

Practical Concerns and Comments – Existing Process

Our concerns with the current process for extension requests are summarized as follows:

- **An Unnecessary Burden on the IRS and on Exempt Organizations--**Currently, second extension forms require approval by the IRS with an approval form returned to the exempt organization.
 - This amplifies the responsibilities of the Organizations,
 - places additional workloads on the IRS staff to process the requests, and
 - creates a “wait time” for the IRS's response to the second extension request.
- **Opportunities for Unintended Noncompliance--**Charities that receive a six-month extension of time to file their Form 990-T and related state filings have to monitor a deadline unique to the IRS by having to administer a second extension for Form 990 filings. This creates confusion and a potential for missed deadlines.

Advantages of a Single Six-Month Extension

We believe that instituting a single six-month extension will provide the following advantages:

- **Cost Savings to the IRS**--A single six-month extension rather than two three-month extensions would eliminate the need for IRS personnel to process additional forms and likely result in a cost savings to the IRS allowing for a more efficient use of its resources.
- **Unnecessary Penalties**--Exempt organizations incur late filing penalties that are of a less than critical nature simply because of mishandled second extension mailings and other inadvertent clerical errors in dealing with a second request. This causes funds to be diverted from the exempt organizations' mission in order satisfy these penalties.
- **Alignment with Other IRS and Various State Reporting Requirements**--Aligning reporting requirements with other IRS extension requirements and various state extension requirements that provide for six-month extension would alleviate confusion and benefit all parties involved. Additionally, elimination of the extra burden of satisfying second requests in these narrow circumstances would reduce the costs incurred for professional processing time and simplify the extension process overall. The States of California and New Jersey have implemented six-month extensions for their filing requirements successfully, and as noted above, New York has recently approved a six-month extension.

In conclusion, we view this change to be in the best interest of the IRS, the tax exempt industry, taxpayers and tax professionals. Our comments have been written based on our experiences in providing professional services to a wide array of nonprofit organizations. We look forward to working with the IRS on an ongoing basis collaboratively to bring the nonprofit industry to a more efficient, transparent and reliable position.