



State of California

Franchise Tax Board

Exempt Organizations Filing and
Compliance – General Information

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Application Process

To receive tax-exempt status in California, an organization must file one of the following with the Franchise Tax Board:

- Form 3500, *Exemption Application*.
- Form 3500A, *Submission of Exemption Request*, with a copy of the Internal Revenue Service (IRS) exempt determination letter under Internal Revenue Code (IRC) Section 501(c)(3), (4), (5), (6), or (7).

California Revenue and Taxation Code (R&TC) Section 23701



Application Process

Form 3500, *Exemption Application*, requires the following:

- Application fee, payable to the Franchise Tax Board.
- One copy of the organization's:
 - Creating document.
 - Bylaws or proposed bylaws.
 - Budget or proposed budget.
- A federal determination letter if your organization is a:
 - Foreign organization.
 - Qualifying trust.
 - 23701a (cooperatives only).
 - 23701i (Voluntary Employee Benefit Association).

Application Process

Form 3500, *Exemption Application*, requires organizations to:

- Answer questions on SIDE 1 through SIDE 8.
- Determine R&TC section for exemption.
- Complete the appropriate item listed for the specific R&TC section.
- Provide all other required information and supporting data identified in Form 3500.

Application Process

Form 3500A, *Submission of Exemption Request*, requires:

- A copy of the IRC Section 501(c)(3), (4), (5), (6), or (7) federal determination letter.
- For state income tax purposes, the effective date of the organization's tax-exempt status—must be no earlier than the federal effective date.
 - If the federal effective date is later than the incorporation date, the organization should consider filing Form 3500, *Exemption Application*.

Application Process

FTB treats Form 3500 and Form 3500A as:

- A revivor request if the organization is suspended.
- A claim for refund, so the organization does not need to file amended returns.

Information, Privacy, and Disclosure

FTB keeps the application and all associated documentation confidential until FTB issues a tax-exempt status determination or acknowledgement.

- FTB does not discuss the application with any unauthorized person.
- Once we grant or acknowledge tax-exempt status, Form 3500 and Form 3500A and the supporting documents become open to public inspection.



Franchise Tax Board and Secretary of State Suspensions

Reasons for suspension include:

- Failure to file a return. (R&TC Section 23775)
- Nonpayment of balance due. (R&TC Section 23775)
- Failure to file your Statement of Officers with SOS.
 - File this form online through SOS website at **sos.ca.gov**.
(California Corporation Codes 2204, 2205, and 2206)



State and Federal Differences

Churches

- Federal Law—IRC 508(c)
 - For federal purposes, churches that meet the requirements of IRC section 501(c)(3) are automatically tax-exempt and do not have to apply for recognition of tax-exempt status from IRS.
- California Law
 - California law does not conform to IRC 508(c).
 - For California purposes, churches file either the Form 3500, *Exemption Application*, or Form 3500A, *Submission of Exemption Request*, along with all required documentation **and** FTB must give tax-exempt status.

State and Federal Differences

Religious, Charitable, Scientific, Literary, or Educational Organizations

- State law does not have anything comparable to IRC 4958—imposing excise taxes on certain excess benefit transactions.
- State law requires churches and charitable organizations with gross receipts less than \$5,000 to apply for tax exemption.

State and Federal Differences

Limited Liability Companies (LLCs)

- California allows LLCs, in addition to title holders, tax-exempt status if:
 - The LLC elects on federal Form 8832, *Entity Classification Election*, to be treated as a corporation.
 - It meets all the other requirements of R&TC Section 23701.
- Disregarded entities and other LLCs classified as a partnership may qualify for tax-exempt status as title-holding companies if they meet **all** of the requirements of R&TC Sections 23701h and 23701x.

R&TC Sections 23038, 23701h, and 23701x

Filing Requirements

Tax-exempt organizations may have to file 1 or more of the following:

- Form 199—*California Exempt Organization Annual Information Return*
- FTB 199N—*California e-Postcard* – Available online only
- Form 109—*California Exempt Organization Business Income Tax Return*
- Form 100—*California Corporation Franchise or Income Tax Return*

Filing Requirements

Form 199 and FTB 199N explain:

- The requirement to file is generally based upon the normal amount of total gross receipts and pledges before any expenses.
- The term "normal" means an average of up to 3 years.



Filing Requirements

Tax Year 2012 and Subsequent

If the organization existed	File Form 199 if the gross receipts and pledges exceed
1 year or less	\$75,000.
More than 1 but less than 3 years	\$60,000 average for the current year and the immediate prior year.
3 years or more	Greater than \$50,000 average for the current year and the immediate preceding 2 years.

Filing Requirements

Tax Year 2011 and Prior

If the organization existed	File Form 199 if the gross receipts and pledges exceed
1 year or less	\$37,500.
More than 1 but less than 3 years	\$30,000 average for the current year and the immediate prior year.
3 years or more	Greater than \$25,000 average for the current year and the immediate preceding 2 years.

Filing Requirements

Exempt under all R&TC Sections 23701, except R&TC Section 23701r	File Form 199 or FTB 199N	
	Form 199	FTB 199N
Tax year 2012 and subsequent—Gross receipts normally equal to or less than \$50,000	No	Yes
Tax year 2010 and 2011—Gross receipts normally equal to or less than \$25,000	No	Yes
Tax year 2009 and prior—Gross receipts normally equal to or less than \$25,000.	No requirement to file	
Tax year 2012 and subsequent—Gross receipts greater than \$50,000	Yes	No
Tax year 2011 and prior—Gross receipts greater than \$25,000	Yes	No
Private foundations (regardless of gross receipts amount)	Yes	No
Nonexempt charitable trusts described in IRC Section 4947(a)(1) (regardless of gross receipts amount)	Yes	No

Filing Requirements

FTB 199N, *California e-Postcard*, requirements:

- Exempt organizations must file FTB 199N, *California e-Postcard*, if they have a gross receipts average less than the filing threshold.
- The organization may choose to file the complete Form 199.
- *California e-Postcard* is an online filing requirement, beginning with tax year 2010. We offer no paper form.
- You cannot file the e-Postcard prior to the 2010 tax year.
- Filing the *California e-Postcard* is free.

FAQ

Technical help

Contact us



199N California e-Postcard

This requirement applies to account periods beginning on or after January 1, 2010.

Most tax-exempt organizations whose annual gross receipts are normally \$50,000 or less (\$25,000 for tax years beginning January 1, 2010 and before January 1, 2012) are required to electronically submit the 199N, unless a Form 199 is filed.

For more information, see [199N filing requirements](#).

To submit an e-Postcard, you need:

- Your Entity ID number or California Corporation number.
- [Basic information](#) about your organization.
- A [compatible browser and operating system](#).

For security purposes, you have 20 minutes to complete each page. After 20 minutes your session ends and you must start over.

We provide a confirmation number as proof you successfully filed your e-Postcard. Print the confirmation page for your records.

We recommend you log out and close your browser when you are done to ensure the highest level of security.

Continue

Filing Requirements

FTB 199N, *California e-Postcard*, requirements:

- We do not charge penalties for filing a late *California e-Postcard*.
- We automatically revoke tax-exempt status if the organization does not file for 3 consecutive years.

Filing Requirements

General Rule Exceptions

Form 199 or FTB 199N is **not** required if the organization is either:

- A pension plan or individual retirement account.
- A political organization.



Filing Requirements

General Rule Exceptions

- The following religious organizations meet the general rule exceptions:
 - A church.
 - An integrated auxiliary of a church.
 - A convention or association of churches.
 - A religious order, such as Franciscan Friars or Sisters of Charity.



If the organization is **any other** type of religious organization, it must file Form 199 or FTB 199N.

Filing Requirements

Form 199, *California Exempt Organization Annual Information Return*

You pay a \$10 fee if you file and pay:

- By the original due date.
- After the original due date, but on or before the extended due date.

The fee is \$25 if you file:

- By the original due date, but pay after that date.
- And pay after the extended due date.



Filing Requirements

Form 199, *California Exempt Organization Annual Information Return*

Under R&TC Section 23701(d), exceptions to the filing fee include:

- An exclusively religious organization.
- An organization that is controlled by a religious organization.
- A school.
- A charitable organization that is primarily supported by the general public or funded by the U.S. or any state.

Filing Requirements

Due Dates

- File Form 199 or FTB 199N on or before the 15th day of the 5th month after the close of the organization's tax year.
 - If the tax year ends on December 31, the return is due on May 15.
- An automatic 7 month extension is given to file Form 199 if the organization is not suspended on the original due date.
 - If the year ends on December 31, and an extension is granted, the extended due date is the following December 15.



Filing Requirements

Extension of Time to File

FTB automatically grants a 7 month extension to file a return if the following conditions exist:

- Your organization is not suspended on the original due date.
- You file your organization's return on or before the extended due date.
- The extension is **only** for filing the return.
- It is **not** an extension of time to pay any taxes that may be due.

R&TC Section 18604(a) and (b)

Filing Requirements

Penalty: Failure to File a Timely Form 199

- FTB imposes a late penalty if you do not file Form 199 by the extended due date, regardless of when you pay the fee.
- The penalty is \$5 per month or part of a month the Form 199 is late.
- The maximum penalty is \$40.
- FTB imposes the penalty from the original due date of the return.

R&TC Section 23772

Filing Requirements

- You must file Form 109, *California Exempt Organization Business Income Tax Return*, if your organization has unrelated business income (UBI) of \$1,000 or more.
- See the IRS Publication 598 - *Tax on Unrelated Business Income of Exempt Organizations*, for the detailed explanation of UBI.

R&TC Section 23732

Filing Requirements

Form 109, *California Exempt Organization Business Income Tax Return*

Due Dates

- For most organizations—Due on the 15th day of the 5th month after the close of the tax year.
- Trusts—Due on the 15th day of the 4th month.

R&TC Section 23771

Filing Requirements

- The requirement to file Form 100, *California Corporation Franchise or Income Tax Return*, is based on taxable income of \$100 or more for exempt organizations under R&TC Sections 23701r and 23701t.



- The return is due on the 15th day of the 3rd month after the close of the tax year.

Attorney General's Office, Registry of Charitable Trusts

All charities and organizations with charitable assets are required to register and file with the Attorney General's Office, Registry of Charitable Trusts (RCT).

Failure to file or register with RCT may jeopardize the organizations tax-exempt status.

Dissolving an Exempt Organization

- Organizations must follow the guidelines in the Attorney General's Publication, *General Guide for Dissolving a California Nonprofit Corporation*. To get the publication, go to ag.ca.gov and search for **dissolve**.
- Organizations **incorporated** or qualified in California, go to sos.ca.gov and search for **dissolve**.

Taxpayers' Rights Advocate

Exempt Organizations should ensure that they have tried to resolve their state tax issues with our Exempt Organizations Unit at 916.845.4171. If the Exempt Organization is unable to resolve their issues with them, they may then contact our Taxpayers' Rights Advocate.

Website: ftb.ca.gov and search for **advocate**

Telephone: 800.883.5910

Fax: 916.843.6022

Mail:

Taxpayers' Rights Advocate

Executive and Advocate Services MS A381

PO Box 157

Rancho Cordova CA 95741-0157

Taxpayers' Rights Advocate

- If you write to the Taxpayers' Rights Advocate, be sure to include your daytime telephone number so we can respond to you as quickly as possible.
- Contacting the Taxpayers' Rights Advocate does not constitute a protest or an appeal, and it does not extend the time for you to protest or appeal.

FTB Exempt Forms and Publications

- *Pub. 927—Overview of Exempt Organizations*
- *Pub. 1068—Exempt Organization – Filing Requirements and Filing Fees*
- *Form 199—California Exempt Organization Annual Information Return*
- *FTB 199N—California e-Postcard – Online only*
- *Form 109—California Exempt Organization Business Income Tax Return*
- *Form 100—California Corporation Franchise or Income Tax Return*

FTB Exempt Forms and Publications

- Form 3500—*Exemption Application*
- Form 3500A—*Submission of Exemption Request*
- Form 3557E—*Application for Certificate of Revivor*

Exempt Organizations

The Exempt Organizations Unit webpage includes:

- What's new
- Filing requirements
- Tax-exempt process
- Exempt forms and publications
- Exempt organizations list
- Revoked exempt organizations list
- Other agencies you may be required to file with

Webpages are updated continuously with new information.



Access MyFTB Account

[Login](#) | [Register](#)

Forms

- [Form 100](#)
- [Form 109](#)
- [Form 199](#)
- [Form 3500](#)
- [Form 3500A](#)
- [Form 3557E](#)

Online Services

- [199N e-Postcard](#)
- [Entity Status Letter](#)
- [Web Pay](#)

Other Agencies

Charities and Nonprofits (Exempt Organizations)

What's new

- [Tax-exempt automatic revocations](#)

The Franchise Tax Board is currently mailing the automatic revocation notices to organizations that have not filed the required FTB 199N, California e-Postcard.

- **Expanded use of Form 3500A, Submission of Exemption Request.**

Effective January 1, 2014, organizations that are federally tax-exempt under Internal Revenue Code (IRC) 501(c)(4), 501(c)(5), 501(c)(6), or 501(c)(7) may submit Form 3500A, Submission of Exemption Request with a copy of their Internal Revenue Service (IRS) tax-exempt determination letter to establish their state tax-exempt status. Organizations whose tax-exempt status is revoked by Franchise Tax Board must continue to use the Form 3500, Exemption Application to reinstate their tax-exempt status.

Key features

Most charities and nonprofit organizations must apply for and receive a determination or acknowledgement letter from us in order to be recognized as tax-exempt in California.

- [Active Versus Inactive Status](#)
- [The Tax-Exemption Process](#)
- [California Tax-Exempt Status and Federal Exemption](#)
- [Filing Requirements](#)
- [Nonprofit Versus Tax Exempt](#)

Contact Information

EXEMPTS ORGANIZATIONS UNIT MS F120

FRANCHISE TAX BOARD

PO BOX 1286

RANCHO CORDOVA CA 95741-1286

For more information, call FTB at 916.845.4171, weekdays,
7 a.m. to 4:30 p.m., except state holidays.

Or go to ftb.ca.gov and search for **charities**.