

IMPORTANT NOTICE

LOCAL LEAGUE FEDERAL TAX EXEMPTION STATUS

The ease and simplicity of becoming recognized as a 501(c) (3) tax exempt charitable organization under Little League Baseball, Incorporated's (Little League) Group Exemption Number (GEN) is one of the many benefits of being associated with the Little League program. However, certain responsibilities come with this benefit. It is important that all Little League programs understand and comply with the associated Internal Revenue Service (IRS) regulations that apply in this instance.

Even though the local league is recognized under Little League's GEN, the local league must file its own federal tax return with the IRS. Leagues recognized under the Little League GEN must use a fiscal year beginning October 1 and ending September 30 of each year. Accordingly, the IRS filing deadline would be February 15. Please note the IRS can impose a penalty of \$20 per day, up to a maximum of \$10,000 when a return is filed late unless there is a reasonable cause for delay.

The league's annual gross receipts would determine which IRS Form 990 must be filed. The guidelines are as follows:

- Leagues with gross receipts less than \$50,000 must file an e-Postcard (Form 990-N) to retain tax exempt status: LittleLeague.org/990N
- For leagues with gross receipts in excess of \$50,000 but less than \$200,000, IRS Form 990-EZ with Schedule A should be filed with the IRS: LittleLeague.org/990EZ
- For Little Leagues with gross receipts in excess of \$200,000, Form 990 with Schedule A should be filed: LittleLeague.org/990

IRS guidelines state any non-profit organization that does not file the appropriate 990 Form for three consecutive years automatically loses its federal tax exemption resulting in the organization's

income becoming taxable and contributors being unable to report their contributions as tax deductions.

More information about the automatic IRS revocation/reinstatement issue can be found at

<https://www.irs.gov/charities-non-profits/automatic-revocation-of-exemption>. If a local league finds itself

in this unfortunate situation, the league will need to work with the IRS to have its federal tax exempt status reinstated, retroactively if possible. Once that is accomplished, a local league can again elect to be recognized under Little League's GEN by submitting a new Letter of Intent

(LittleLeague.org/TaxExempt) to Little League along with either a league or IRS letter explaining how the revocation issue was resolved.

The best course of action would be to follow IRS regulations to prevent a revocation from occurring. Reinstatement can be costly and time consuming and creates negative tax consequences for

both the league and its donors. Please be sure to share this important information with new and returning league volunteers to protect the future of the tax exempt status for your local league.