

## FIVE CRITICAL ACTIONS HAWAII NONPROFITS SHOULD REVIEW NOW

Suppose your Hawaii nonprofit organization is out there doing good work in the community; your funding sources are good; your membership enthusiastically supports your charitable efforts; your volunteers are skilled and actively involved. Everything is fine, right? Well, maybe not. We identify below five requirements that are quite simple to meet (mostly just *more* paperwork), but failure to meet these simple requirements (unless you meet one of the limited exemption options) might ensnare you in even more “red tape,” or worse yet, mean jeopardizing your tax exempt status. So, make sure you . . .

1. **File your 990-N, 990-EZ, or 990 with the IRS.** All public charities must file one of these three forms yearly or risk losing their tax exempt status if they fail to do so for three consecutive years. Apparently there are thousands of organizations that haven't filed despite IRS outreach efforts. So, the IRS is giving organizations more time. Organizations with gross receipts of \$25,000 or less now have until October 15, 2010 to file the 990-N “e-postcard.” For larger organizations, the IRS has instituted a voluntary compliance program that involves paying a fee and filing the delinquent returns. You can get more information on the IRS website ([www.irs.gov](http://www.irs.gov)), or [here](#).
2. **Get your GET license.** The Hawaii Legislature passed Act 155, entitled the General Excise Tax Protection Act, which became effective July 1, 2010, and which requires all nonprofit organizations – even if they don't generate revenue -- to register for a GET license and file timely tax returns including annual GET reconciliation form G-49. You can review the law [here](#), and a Tax Information Release (TIR) from the Hawaii Department of Taxation [here](#).
3. **Pay your GET.** Unfortunately, Hawaii collects the 4% GET from nonprofits (even the small minor league baseball kind) for income derived from a variety of fundraising activities such as cookie, chicken, pizza, or other food product sales, car washes, auctions, and school fairs. Or, how about that high school yearbook or newsletter? Guess what: the income from the advertising is subject to GET too. What is not subject to GET? A few things, such as outright donations, membership dues, some kinds of earned interest, nominal fees for workshops and athletic camps, etc. You can read the circuitous but informative “[Tax Facts](#)” from the Hawaii Department of Taxation. It was written for parent-teacher organizations and other school organizations, but is helpful for all Hawaii nonprofits.
4. **Register your Charity with the Attorney General.** Hawaii Revised Statutes Chapter 467-B, which became effective January 1, 2009, requires charities to register with the Attorney General if they solicit donations in the State of Hawaii. There are a few exceptions, among them: churches, and any charitable organization that normally receives less than \$25,000 in contributions annually, if the organization does not compensate any person primarily to conduct solicitations (professional solicitors). Otherwise, you must file online at the Attorney General's [nonprofit site](#). Professional fundraisers must also register. Keep in mind, each state in which you actively solicit donations may have similar requirements.
5. **File your 990 with the Attorney General, and pay your dues.** The new Hawaii registration law also requires those registered nonprofit organizations to annually file their 990 or 990-EZ with the Attorney General, as well as pay a yearly filing fee that ranges from \$10.00 to \$750.00, depending on the annual gross revenue of the organization. The filing deadline is the fifteenth day of the fifth month after an organization's accounting period ends, although extensions may be requested. For more details, visit the Attorney General's [nonprofit site](#).