

# Family Child Care Associations Face IRS Filing Requirements

IRS rules require all family child care organizations to file an annual information return (Form 990 or Form 990N) with the IRS starting. This rule affects all family child care associations who collect revenue, whether or not they have a tax-exempt status. It affects an association even if the association is not required to pay taxes on its revenue.

Any family child care association that has gross receipts (dues, training or conference fees, sale of items, etc.) of less than \$25,000 must file Form 990N. Associations with gross receipts of more than \$25,000 must file Form 990. These forms are informational, meaning that associations will not owe any federal taxes on their income. Under the old rule associations with gross receipts of less than \$25,000 did not have to file any informational form.

The Form 990N must be filed electronically and the deadline for filing is May 15<sup>th</sup> for the previous tax year. The form itself asks for the following information:

- Organization's name
- Any other names your organization uses
- Organization's mailing address
- Organization's website address (if applicable)
- Organization's employer identification number (EIN)
- Name and address of a principal officer of your organization
- Organization's annual tax period
- A statement that your organization's annual gross receipts are still normally \$25,000 or less, and
- If applicable, indicate if your organization is going out of business.

If your association has obtained their tax-exempt status but fails to file the Form 990 or 990N as required for three consecutive years the IRS will revoke your tax-exempt status.

## Unincorporated Associations

Many family child care associations operate without applying for a tax-exempt status from their state. This is perfectly legal. Usually a group of providers get together and call themselves an association without filing any forms with their state. Such associations are known as unincorporated associations. They may collect dues and keep a small amount of money in a checking account. In the past there were no IRS filing requirements. This new rule now requires even the smallest of family child care associations who has any amount of revenue to file a Form 990N. If your association does not collect dues and does not collect any other revenue you are not required to file Form 990N.

This handout was produced by Resources for Child Caring ([www.resourcesforchildcare.org](http://www.resourcesforchildcare.org)). For additional family child care business publications, contact Resources for Child Caring's publishing division, Redleaf Press, at 800-423-8309 or visit [www.redleafpress.org](http://www.redleafpress.org).