

# Instructions for Form 990-T

## Exempt Organization Business Income Tax Return (and Proxy Tax Under Section 6033(e))

---

Volume 1 of 3



Department of the Treasury  
**Internal Revenue Service**

Instruction for Form 990-T (Rev 2023) Catalog Number 58557S  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](https://www.irs.gov)



Visit the Accessibility  
Page on [IRS.gov](https://www.irs.gov)

This page intentionally left blank

<b>Contents</b>	<b>Regular Page</b>	<b>Large Print Page</b>
Purpose of Form	1	8
Who Must File	1	9
When, Where, and How To File	3	27
Depository Method of Tax Payment	4	31
Other Forms That May Be Required	5	37
Accounting Methods	6	53
<b>Specific Instructions</b>	8	65
Items A Through L	8	68
Part I. Total Unrelated Business Taxable Income	9	75
Part II. Tax Computation	10	80

Part III. Tax and Payments	11	88
Part IV. Statements Regarding Certain Activities and Other Information	13	108
Part V. Supplemental Information	13	113
<b>General Instructions —</b> Schedule A (Form 990-T)	14	119
Purpose of the Schedule	14	119
<b>Specific Instructions—</b> Schedule A (Form 990-T)	16	135
Part I. Unrelated Trade or Business Income	16	136
Part II. Deductions Not Taken Elsewhere	19	159
Part III. Cost of Goods Sold	23	187

Part IV. Rent Income	23	195
Part V. Unrelated Debt-Financed Income	24	201
Part VI. Interest, Annuities, Royalties, and Rents From Controlled Organizations	25	214
Part VII. Investment Income of a Section 501(c)(7), (9), or (17) Organization	26	218
Part VIII. Exploited Exempt Activity Income, Other Than Advertising Income	27	224
Part IX. Advertising Income	27	226
Part X. Compensation of Officers, Directors, and Trustees	27	229

Part XI. Supplemental Information	27	230
Business Activity Codes	29	240
<b>Appendix A.</b> Definitions	30	245
<b>Appendix B.</b> Charitable Contribution Deduction	31	255
<b>Appendix C.</b> Public Inspection of Form 990-T Returns Filed by Section 501(c)(3) Organizations	32	263
<b>Index</b>	35	283

## Future Developments

For the latest information about developments related to Form 990-T and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990T](https://www.irs.gov/Form990T).

## **What's New**

**Required electronic filing.** If you are an organization or trust defined in section 511 and need to file Form 990-T, you are required to file electronically. See *When, Where, and How To File*, later, for more information.

**Tax-exempt and governmental entities.** For tax years beginning after 2022, applicable entities (such as certain tax-exempt and governmental entities) can elect to treat certain general business credits as a payment of income tax. See *Applicable Entity Making an Elective Payment Election on IRA 2022 Credits*, later.

**Section 6417(d)(1)(A) applicable entity.** Form 990-T, Item G has been updated with a checkbox for applicable entities that are not normally required to file an annual tax return and are filing Form 990-T to make an elective payment election under section 6417.

**Advanced manufacturing investment credit.** Eligible filers may elect to treat the advanced manufacturing investment credit with respect to a facility as a payment of income tax under section 48D(d). See section 48D and the Instructions for Form 3468.

**Alternative minimum tax.** The Inflation Reduction Act of 2022 (IRA 2022) amended section 55 to impose a new corporate alternative minimum tax (CAMT) based on the adjusted financial statement income (AFSI) of an applicable corporation. See Form 4626, Alternative Minimum Tax-Corporations, and its Instructions, for more information.

## **General Instructions**

### **Purpose of Form**

Use Form 990-T and Schedule A (as applicable) to:

- Report unrelated business income;



- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT), on undistributed long-term capital gain;
- Request a credit for certain federal excise taxes paid for small employer health insurance premiums paid, and
- Make (along with filing Form 3800 and the applicable general business credit form(s)) an elective payment election under section 48D or section 6417.

## **Who Must File**

### **Organizations With Current Unrelated Business Taxable Income (UBTI)**

- Any disregarded entity, domestic, or foreign organization exempt under section 501(a), section 529(a), or section

529A(a), if it has gross income of \$1,000 or more from a regularly conducted unrelated trade or business (see Regulations section 1.6012-2(e)). Gross income is gross receipts minus the cost of goods sold, (see Regulations section 1.61-3). For a discussion of cost of goods sold, see *Schedule A (Form 990-T), Part III. Cost of Goods Sold*, later.



*The gross receipts from a gaming business include all amounts wagered in games, not just the net proceeds after payment of prizes and other expenses. Cash prizes aren't included in cost of goods sold, but are reported on Schedule A, Part II, line 14, as other deductions.*



*A disregarded entity, as described in Regulations sections 301.7701-1 through 301.7701-3, is treated as a branch or division of its parent organization for federal tax purposes. Therefore, financial information applicable to a disregarded entity*

*must be reported as the parent organization's financial information.*

- Colleges and universities of states and other governmental units, and subsidiary corporations wholly owned by such colleges and universities. However, a section 501(c)(1) corporation that is an instrumentality of the United States and both organized and exempt from tax by an Act of Congress doesn't have to file.
- Qualified tuition programs described under section 529 that have \$1,000 or more of unrelated trade or business gross income.
- Qualified ABLE programs described under section 529A that have \$1,000 or more of unrelated trade or business gross income.
- Trustees for the following trusts that have \$1,000 or more of unrelated trade or business gross income.

1. Individual retirement accounts (IRAs), including traditional IRAs described under section 408(a).
2. Simplified employee pension IRAs (SEP IRAs) described under section 408(k).
3. Savings incentive match plan for employees of small employers IRAs (SIMPLE IRAs) described under section 408(p).
4. Roth IRAs described under section 408A.
5. Coverdell education savings accounts (ESAs) described under section 530.
6. Archer medical savings accounts (Archer MSAs) described under section 220.
7. Health savings accounts (HSAs) described under section 223.
- 8.



*Each account of a type listed above is treated as a separate trust for unrelated business income tax purposes (even if there is a single owner or beneficiary for multiple accounts) and must have its own employer identification number (EIN) if it will file Form 990-T to report gross unrelated business taxable income of \$1,000 or more. A custodian is treated as a trustee. See section 408(h). Individual retirement annuities, unlike IRAs, aren't subject to unrelated business income tax.*



*IRAs and other tax-exempt shareholders in a RIC or REIT filing Form 990-T, only to obtain a refund of income tax paid on undistributed long-term capital gains should complete Form 990-T, as explained in IRAs and other tax-exempt shareholders in a RIC or REIT, later.*

## **Applicable entity making an elective payment election on IRA 2022 credits**

IRA 2022 extends, modifies, or creates several energy-related investment and production tax credits. These credits are taken as general business credits. IRA 2022 also created new section 6417, which permits an applicable entity to make an elective payment election with respect to each applicable credit.

Under section 6417(d)(1)(A), applicable entities are defined as:

- State and local governments,
- Indian tribal governments,
- Alaska Native Corporations,
- The Tennessee Valley Authority,
- Rural electric cooperatives, and
- Other tax-exempt entities.

Proposed regulations have been published that provide a more detailed definition of an applicable entity. Entities may rely on the definitions in the proposed regulations for tax years ending before final regulations are published, provided the entity follows the proposed regulations in their entirety and in a consistent manner with respect to all elections made under section 6417. See [\*Proposed Regulations under section 6417.\*](#)

The detailed description in the proposed regulations includes the following.

- An organization exempt from the tax imposed by subtitle A by reason of section 501(a);
- The government of an U.S. territory or political subdivision or instrumentality thereof;
- Any State, the District of Columbia, or a political subdivision or instrumentality thereof;

- The Tennessee Valley Authority;
  - An Indian tribal government or a subdivision or instrumentality thereof;
  - Any Alaska Native Corporation (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m))); and
  - Any corporation operating on a cooperative basis that is engaged in furnishing electric energy to persons in rural areas.
- Pre-filing registration requirement.*** Before you file Form 990-T, if you intend to make an elective payment election on Form 3800, you must complete a pre-filing registration for each property or facility. To register, go to [IRS.gov/credits-deductions/register-for-elective-payment-or-transfer-of-credits](https://www.irs.gov/credits-deductions/register-for-elective-payment-or-transfer-of-credits). See Pub. 5884, Inflation Reduction Act (IRA) and CHIPS Act of 2022 (CHIPS) Pre-Filing Registration Tool. Also see *Registering For and Making Elective*



*Payment and Transfer Elections in the Instructions for Form 3800.*

## **Organizations With or Without Current UBTI**

***Elective payment election.*** Applicable entities making an elective payment election with respect to applicable credits (see section 6417), and eligible taxpayers making an elective payment election with respect to the advanced manufacturing investment credit under section 48D.

Organizations making an elective payment election must complete and attach Form 3800, General Business Credit, as well as the required form(s) on which you compute each individual credit. If your organization is filing Form 990-T only to make the elective payment election, see *Elective Payment Election* under *Which Parts to Complete*, later.

***Proxy tax.*** Organizations liable for the proxy tax on lobbying and political expenditures. See *Part II, Line 3. Proxy Tax*, later, for a discussion of the proxy tax. If your organization is only required to file because of the proxy tax, see *Proxy tax only* under *Which Parts To Complete*, later.

***Other taxes or amounts.*** Organizations that are liable for other taxes (such as tax deferred under section 1291 (Form 990-T, Part II, line 4) or section 1294 (Part III, line 4)), or organizations liable for other amounts due (or entitled to a refund of, or credit for other amounts such as recapture of tax credits or interest adjustments (such as recapture of a credit or interest due under a look-back rule (Form 990-T, Part III, line 3e))). See a discussion of these items later. If your organization is required to file Form 990-T only because of these taxes or other amounts, see *Other Taxes* under *Which Parts To Complete*, later.

***Qualified opportunity investment (annual report).*** Organizations that deferred a capital gain into a qualified opportunity fund (QOF) must file Form 990-T with Schedule D, Form 8949, and Form 8997 attached. Each such organization must file Form 990-T with Form 8997 attached annually until the organization disposes of the investment. See the Instructions for Form 8997.



*If you are filing Form 990-T only with regard to an elective payment election, because of the proxy tax, other taxes, or only to claim a refund, go directly to Elective Payment Election Only, Proxy Tax Only, Other Taxes, or Claim for Refund, later. If you are filing Form 990-T only to claim the credit for small employer health insurance premiums, see the instructions for Part III, line 6f, later.*

## **Which Parts To Complete**

***Organizations with unrelated business taxable income.*** Organizations with UBTI must complete Form 990-T, and also a separate Schedule A (Form 990-T) for each separate unrelated trade or business. See Regulations section 1.512(a)-6. Complete all Schedules A (Form 990-T) first. See *General Instructions for Schedule A (Form 990-T)*, later.

***Consolidated returns.*** The consolidated return provisions of section 1501 don't apply to exempt organizations, except for organizations having title holding companies. If a title holding corporation described in section 501(c)(2) pays any amount of its net income for a tax year to an organization exempt from tax under section 501(a) (or would, except that the expenses of collecting its income exceeded that income), and the corporation and organization file a consolidated return as described below, then

treat the title holding corporation as being organized and operated for the same purposes as the other exempt organization (in addition to the purposes described in section 501(c)(2)).

Two organizations exempt from tax under section 501(a), one a title holding company and the other earning income from the first, will be includible corporations for purposes of section 1504(a). If the organizations meet the definition of an affiliated group and the other relevant provisions of chapter 6, then these organizations may file a consolidated return. The parent organization must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed or for the first year a new corporation is added to a consolidated return, the title holding company must attach Form 1122, Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated

Income Tax Return. See Regulations section 1.1502-100.

**Organizations with no UBTI.** An organization with no UBTI that needs to file Form 990-T should complete and file Form 990-T only. Such an organization does not complete or attach Schedule A (Form 990-T) to its return.

***Elective payment election only.***

Organizations filing with regard to making an elective payment election and have no unrelated business taxable income, including applicable entities (as defined earlier) not subject to federal income tax and not otherwise required to file any annual tax or information return, must complete the following lines of Form 990-T.

- The heading area above Part I, except items B, C, E, J, K, and L.
- Part II, lines 3 and 7 (enter -0-).
- Part III, lines 6g, 7, 10, and 11.

- Signature area.

In addition, complete and attach Form 3800, and all forms required to compute each applicable credit.

***Proxy tax only.*** Organizations that are required to file Form 990-T only because they are liable for the proxy tax on lobbying and political expenditures must complete the following.

- The heading (above Part I) except items J and K.
- Part II, lines 3 and 7.
- Part III.
- Signature area.
- Attach a statement showing the proxy tax computation.

***Other taxes.*** Organizations that are required to file Form 990-T only because they are liable for tax under section 1291 or tax

previously deferred under section 1294, recapture taxes, the tax on a hospital organization's non-compliant facility income, or other items listed in the instructions for Part III, line 4, must complete the following.

- The heading above Part I except items J and K.
- The applicable lines of Parts II and III.
- Signature area.
- Attach all appropriate forms and/or schedules showing the computation of the applicable tax or taxes.

***Other amounts due.*** Organizations that are required to file Form 990-T only because they are liable for amounts due because of the recapture of a tax credit, or other items listed in the instructions for Part III, line 3, must complete the following.

- The heading above Part I except items J and K.



- The applicable lines of Parts II and III that require an entry.
- Signature area.
- Attach all appropriate forms and/or schedules showing the computation of the applicable tax or taxes.

**Claim for refund (including special instructions for IRA trustees or direct payments of certain credits).** If your only reason for filing a Form 990-T is to claim a refund or request a credit, complete the following.

- The heading above Part I except items J and K.
- Enter -0- on Part I, lines 1 and 11, and Part III, line 4.
- Enter the credit or payment on Part III, lines 6a through 6g, as appropriate.
- Part III, lines 7, 10, and 11.

- Signature area.

For claims described below, follow the additional instructions for that claim.

***IRAs and other tax-exempt shareholders in a RIC or REIT.*** If you are an IRA or other tax-exempt shareholder that is invested in a RIC or a REIT and file Form 990-T only to obtain a refund of income tax paid on undistributed long-term capital gains, follow the steps under *Claim for refund (including special instructions for IRA trustees)* above; check the applicable box in item H at the top of Form 990-T; and attach Copy B of Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains.

***Composite Form 990-T.*** If you are a trustee of more than one IRA invested in a RIC, you may be able to file a composite Form 990-T to claim a refund of tax under section 852(b) instead of filing a separate Form 990-T for each IRA. See Notice 90-18, 1990-1 C.B. 327, for information on who can file a composite

return. Complete the steps under *Claim for refund (including special instructions for IRA trustees)* above and follow the additional requirements in the notice.

***Backup withholding.*** If your only reason for filing Form 990-T is to claim a refund of backup withholding, complete the steps under *Claim for refund (including special instructions for IRA trustees)* above and attach a copy of the Form 1099 showing the withholding.

## **When, Where, and How To File**

### **When To File**

**15th day of 4th month or 15th day of 5th month.** An employees' trust defined in section 401(a), an IRA (including SEPs and SIMPLEs), a Roth IRA, a Coverdell ESA, or an Archer MSA must file Form 990-T by the 15th day of the 4th month after the end of its tax year. All other organizations must file Form 990-T by the 15th day of the 5th month after

the end of their tax years. If the regular due date falls on a Saturday, Sunday, or legal holiday, file no later than the next business day. If the return is filed late, see *Interest and Penalties*, later.

**Extensions.** Filers may request an automatic extension of time to file Form 990-T by using Form 8868, Application for Automatic Extension of Time To File an Exempt Organization Return.

**Note:** For 2023, an applicable entity filing Form 990-T solely to make an elective payment election that is:

- A State, the District of Columbia, or political subdivision or instrumentality or agency thereof;
- The Tennessee Valley Authority; or
- An Indian tribal government or a subdivision or instrumentality or agency thereof, does not need to file Form 8868 to request an automatic extension of time to

file Form 990-T. For 2023, a paperless automatic extension will be provided to each such entity that has registered its intention to make an elective payment election and has obtained one or more registration numbers.

**Amended return.** To correct errors or change a previously filed return, check box F, “Check box if an amended return,” at the top of the return. Also, in Part V, Supplemental Information, include a statement that indicates the line numbers on the original return that were changed and give the reason for each change. Generally, the amended return must be filed within 3 years after the date the original return was due or 3 years after the date the organization filed it, whichever is later.

## **Where and How To File**

**Required electronic filing.** If you are an organization or trust defined in section 511

and need to file Form 990-T, you are required to file electronically. For additional information, visit [IRS.gov/E-file](https://www.irs.gov/E-file).

If you are an applicable entity that is not an organization or trust defined in section 511, and you are filing Form 990-T to make an elective payment election, electronic filing is encouraged but not required.

## **Estimated Tax Payments**

Generally, an organization filing Form 990-T must make installment payments of estimated tax if its estimated tax (tax minus allowable credits) is expected to be \$500 or more. Don't include the proxy tax when computing your estimated tax liability for 2023.

# **Depository Method of Tax Payment**

The organization must pay any tax due in full by the due date of the return without extension.

## **Electronic Deposit Requirement**

The organization must deposit all depository taxes (such as employment tax, excise tax, and corporate income tax) electronically. Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS). For more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://eftps.gov), or call 800-555-4477. To contact EFTPS using Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829. Also, see Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started.

**Depositing on time.** For EFTPS deposits to be made timely, the organization must submit the deposit by 8 p.m. Eastern time the day before the deposit is due.

**Same-day wire payment option.** If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Application (FTA), a same-day federal tax payment system that works in conjunction with EFTPS. Make arrangements with your financial institution ahead of time, noting the institution's availability, deadlines, and costs. To learn more, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

**Timeliness of deposits.** The IRS will use business days to determine the timeliness of deposits. Business days are any day that isn't a Saturday, Sunday, or legal holiday in the District of Columbia.



## **Interest and Penalties**

Your organization may be subject to interest and penalty charges if it files a late return or fails to pay tax when due. Generally, the organization isn't required to include interest and penalty charges on Form 990-T because the IRS can figure the amount and bill the organization for it.

**Interest.** Interest is charged on taxes not paid by the original due date of the return even if the organization uses Form 8868 to request an automatic extension of time to file. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at the underpayment rate determined under section 6621.

**Late filing of return.** An organization that fails to file its return when due (including extensions of time for filing) is subject to a penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a return that is more than 60 days late is the smaller of the tax due or \$485. The penalty won't be imposed if the organization can show that the failure to file on time was due to reasonable cause. If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't include an explanation when you file your return.

**Late payment of tax.** The penalty for late payment of taxes is usually 1/2 of 1% of the unpaid tax for each month or part of a month the tax is unpaid. The penalty can't exceed 25% of the unpaid tax. If you receive a notice

about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't include an explanation when you file your return.

**Estimated tax penalty.** An organization that doesn't make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Generally, an organization is subject to this penalty if its tax liability for the tax year is \$500 or more and it didn't make estimated tax payments of at least the smaller of its tax liability for the tax year or 100% of the prior year's tax. See section 6655 for details and exceptions.

**Trust fund recovery penalty.** This penalty may apply if certain excise, income, social security, and Medicare taxes that must be collected or withheld aren't paid to the U.S. Treasury. These taxes are generally reported on:

- Form 720, Quarterly Federal Excise Tax Return;
- Form 941, Employer's QUARTERLY Federal Tax Return;
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; or
- Form 945, Annual Return of Withheld Federal Income Tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to have been responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so. The penalty is equal to the unpaid trust fund tax. See the Instructions for Form 720; or Pub. 15 (Circular E), Employer's Tax Guide, for details, including the definition of responsible persons.

**Other penalties.** There are also penalties that can be imposed for negligence, substantial understatement of tax, reportable

transaction understatements, and fraud. See sections 6662, 6662A, and 6663.

## **Other Forms That May Be Required**

**Forms W-2 and W-3.** File Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements, to report wages, tips, other compensation, withheld income taxes, and withheld social security/Medicare taxes for employees.

**Form 461.** Noncorporate taxpayers may need to file Form 461, Limitation on Business Losses. See Form 461 and its instructions.

**Form 720.** File Form 720, Quarterly Federal Excise Tax Return, to report environmental excise taxes, communications and air transportation taxes, fuel taxes, manufacturers taxes, ship passenger tax, and certain other excise taxes. See *Trust fund recovery penalty*, earlier.

**Form 926.** File Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation, if the organization is required to report certain transfers to foreign corporations under section 6038B.

**Form 940.** File Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, if the organization is liable for FUTA tax.

**Form 941 and Form 943.** File Form 941, Employer's QUARTERLY Federal Tax Return; or Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, to report income tax withheld, and employer and employee social security and Medicare taxes. Also, see *Trust fund recovery penalty*, earlier.

**Form 945.** File Form 945, Annual Return of Withheld Federal Income Tax, to report income tax withheld from nonpayroll distributions or payments, including pensions,

annuities, IRAs, gambling winnings, and backup withholding.

**Form 965-A and Form 965-B.** See Form 965-A, Individual Report of Net 965 Tax Liability; Form 965-B, Corporate and Real Estate Investment Trust (REIT) Report of Net 965 Tax Liability and Electing REIT Report of 965 Amounts; and their respective instructions, for more information.

**Form 1098.** File Form 1098, Mortgage Interest Statement, to report the receipt from any individual of \$600 or more of mortgage interest (including points) in the course of the organization's trade or business and reimbursements of overpaid interest.

**Forms 1099-A, B, DIV, INT, LTC, MISC, NEC, OID, R, S, and SA.** Organizations engaged in an unrelated trade or business may be required to:

- File an information return on Forms 1099-A, B, DIV, INT, LTC, MISC, NEC, OID, R, S, and SA;
- Report acquisitions or abandonments of secured property through foreclosure;
- Report proceeds from broker and barter exchange transactions;
- Report certain dividends and distributions;
- Report interest income;
- Report certain payments made on a per diem basis under a long-term care insurance contract, and certain accelerated death benefits;
- Report miscellaneous income (such as payments to providers of health and



medical services, and miscellaneous income payments);

- Report nonemployee compensation;
- Report original issue discount;
- Report distributions from retirement or profit-sharing plans,
- IRAs, SEPs, SIMPLEs, and insurance contracts;
- Report proceeds from real estate transactions; and • Report distributions from an HSA, an Archer MSA, or a Medicare Advantage MSA.



*When filing the above listed Form 1099 series information returns, the organization must also file Form 1096, Annual Summary and Transmittal of U.S. Information Returns.*

**Form 4466.** File Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax, to apply for a quick refund

if the organization overpaid its estimated tax for the year by at least 10% of its expected income tax liability and at least \$500.

**Form 5498.** File Form 5498, IRA Contribution Information, to report contributions (including rollover contributions) to any IRA, including a SEP, SIMPLE, or Roth IRA, and to report Roth IRA conversions, IRAs, and the fair market value (FMV) of the account.

**Form 5498-ESA.** File Form 5498-ESA, Coverdell ESA Contribution Information, to report contributions (including rollover contributions) to a Coverdell ESA.

**Form 5498-SA.** File Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, to report contributions to an HSA or Archer MSA, and the FMV of an HSA, an Archer MSA, or a Medicare Advantage MSA. See the Instructions for Forms 1099-SA and 5498-SA.

**Form 5713.** File Form 5713, International Boycott Report, if the organization had operations in, or related to, certain boycotting countries.

**Form 5884-C.** File Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans, to claim the work opportunity credit for qualified first-year wages paid to qualified veterans who begin working for the organization on or after November 22, 2011, and before January 1, 2026.

**Form 5884-D.** File Form 5884-D, Employee Retention Credit for

Certain Tax-Exempt Organizations Affected by Qualified Disasters, to claim the employee retention credit against certain payroll taxes if activities of the organization became inoperable because of damage from a qualified disaster. See the Instructions for Form 5884-D for more information.

**Form 6198.** File Form 6198, At-Risk Limitations, if the organization has a loss from an at-risk activity conducted as a trade or business or for the production of income.

**Forms 8275 and 8275-R.** Taxpayers and income tax return preparers file Form 8275, Disclosure Statement, and Form 8275-R, Regulation Disclosure Statement, to disclose items or positions taken on a tax return or that are contrary to Treasury regulations (to avoid parts of the accuracy-related penalty or certain preparer penalties).

**Form 8300.** File Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, if the organization received more than \$10,000 in cash or foreign currency in one transaction or in a series of related transactions. See Form 8300, Instructions for Form 8300, and Regulations section 1.6050I-1(c).

**Form 8582.** File Form 8582, Passive Activity Loss Limitations, for trusts that have losses (including prior-year unallowed losses) from passive activities.

**Form 8697.** File Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, to figure the interest due or to be refunded under the look-back method of section 460(b)(2). The look-back method applies to certain long-term contracts that are accounted for under either the percentage method or the completion-capitalized cost method.

**Form 8810.** File Form 8810, Corporate Passive Activity Loss and Credit Limitations, for closely held corporations that have losses or credits (including prior-year unallowed losses and credits) from passive activities.

**Form 8865.** File Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships, if the organization:

1. Controlled a foreign partnership (that is, owned more than a 50% direct or indirect interest in the partnership);
2. Owned at least a 10% direct or indirect interest in a foreign partnership while U.S. persons controlled that partnership;
3. Had an acquisition, disposition, or change in proportional interest in a foreign partnership that:
  - a. Increased its direct interest to at least 10% or reduced its direct interest of at least 10% to less than 10%;
  - b. Changed its direct interest by at least a 10% interest; or
4. Contributed property to a foreign partnership in exchange for a partnership interest if:

- a. Immediately after the contribution, the organization directly or indirectly owned at least a 10% interest in the foreign partnership; or
- b. The FMV of the property the organization contributed to the foreign partnership in exchange for a partnership interest, when added to other contributions of property made to the foreign partnership by the organization or a related person during the preceding 12-month period, exceeds \$100,000.

Also, the organization may have to file Form 8865 to report certain dispositions by a foreign partnership of property it previously contributed to that foreign partnership if it was a partner at the time of the disposition. See Form 8865 and its separate instructions.

**Form 8886.** File Form 8886, Reportable Transaction Disclosure Statement, to disclose information for each reportable transaction in which the organization participated. Form 8886 must be filed for each tax year that the federal income tax liability of the organization is affected by its participation in the transaction. The organization may have to pay a penalty if it is required to file Form 8886 but doesn't do so. The following are reportable transactions.

- Any listed transaction that is the same as, or substantially similar to, tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality for which the organization paid an advisor a fee of at least \$250,000.
- Certain transactions for which the organization has contractual protection against disallowance of the tax benefits.



- Any transaction resulting in a loss of at least \$10 million in any single year or \$20 million in any combination of years.
- Certain transactions identified by the IRS in published guidance as a “transaction of interest” (a transaction that the IRS believes has a potential for tax avoidance or evasion, but hasn’t yet been identified as a listed transaction).

**Form 8886-T.** File Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, to disclose information with respect to each prohibited tax shelter transaction to which the organization is a party.

***Penalties.*** The organization may have to pay a penalty if it is required to disclose a reportable transaction under section 6011 and fails to properly complete and file Form 8886. The penalty is \$50,000 (\$200,000 if the reportable transaction is a listed transaction) for each failure to file Form 8886 with its

return or for failure to provide a copy of Form 8886 to the Office of Tax Shelter Analysis (OTSA). Other penalties, such as an accuracy-related penalty under section 6662A, may also apply. See the Instructions for Form 8886 for details.

**Form 8899.** File Form 8899, Notice of Income From Donated Intellectual Property, to report income from qualified intellectual property.

**Form 8925.** File Form 8925, Report of Employer-Owned Life Insurance Contracts, which must be filed by every applicable policyholder owning one or more employer-owned life insurance contracts issued after August 17, 2006.

**Form 8975.** Certain U.S. persons that are the ultimate parent entity of a U.S. multinational enterprise group with annual revenue for the preceding reporting period of \$850 million or more are required to file Form 8975. Form 8975 and its Schedules A (Form

8975) must be filed with the income tax return of the ultimate parent entity of a U.S. multinational enterprise group for the tax year in or within which the reporting period covered by Form 8975 ends. For more information, see Form 8975, Schedule A (Form 8975), and the Instructions for Form 8975 and Schedule A (Form 8975).

**Form 8978.** File Form 8978, Partner's Additional Reporting Year Tax, to report adjustments shown on Form 8986, Partner's Share of Adjustment(s) to Partnership-Related Items, received from a partnership that has elected to push out adjustments to partnership-related items to their partners.

**Form 8990.** File Form 8990, Limitation on Business Interest Expense Under Section 163(j), to claim a deduction for business interest unless the taxpayer meets certain specified exceptions. Also, Form 8990 must be filed by any taxpayer that owns an interest in a partnership with current-year or prior-

year carryover excess business interest expense allocated from the partnership.

**Form 8991.** File Form 8991, Tax on Base Erosion Payments of Taxpayers With Substantial Gross Receipts, for any corporation, other than a RIC, a REIT, or an S corporation, that has aggregate gross receipts of at least \$500 million in 1 or more of the 3 preceding tax years ending with the preceding tax year.

**Form 8993.** File Form 8993, Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI), for the allowance of a deduction for the eligible percentage of FDII. The deduction is allowed only to domestic corporations (not including REITs, RICs, and S corporations).

**Form 8994.** File Form 8994, Employer Credit for Paid Family and Medical Leave, to figure the employer credit for paid leave.

**Form 8995.** Refer to Form 8995, Qualified Business Income Deduction Simplified Computation, if you are a trust filing Form 990-T and have unrelated business income, to determine if you have qualified business income (QBI) and may be allowed a QBI deduction under section 199A. See the instructions for Form 8995, Part I, line 9.

**Form 8995-A.** Refer to Form 8995-A. Use this form to figure your qualified business income deduction. Use separate Schedules A, B, C, and/or D, as appropriate, to help calculate the deduction.

**Form 8997.** File Form 8997, Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments, annually to report investments held in a QOF at any time during the year. See the instructions for Form 8997.

## **Accounting Methods**

An accounting method is a practice a taxpayer follows to determine the year in

which to report revenue and expenses for federal income tax purposes. An accounting method includes not only the overall plan of accounting for gross income or deductions (for example, an accrual method or the cash receipts and disbursement method), but also the treatment of an item used in such overall plan. However, a practice that does not affect the timing for reporting an item of income or deduction for purposes of determining taxable income is not an accounting method. A taxpayer, including a tax-exempt entity, adopts any permissible accounting method in the first year in which it uses the method in determining its taxable income. See Rev. Proc. 2015-13, 2015-5 I.R.B. 419.



*An exempt organization may adopt an accounting method not only for purposes of calculating taxable income, but also for purposes of determining whether taxable income will be subject to federal income tax. For example, a tax-*

*exempt entity may adopt an accounting method for an item of income from an unrelated trade or business activity even if the gross income from the activity is less than \$1,000 and is therefore not taxed for federal income tax purposes pursuant to Regulations section 1.6012-2(e).*

*An accounting method for an item of income or deduction may generally be adopted separately for each of the taxpayer's trades or businesses. However, in order to be permissible, an accounting method must clearly reflect the taxpayer's income. Unless instructed otherwise, the organization should generally use the same accounting method on the Form 990-T and all schedules to report revenue and expenses that it regularly uses to keep its books and records.*

**Accounting method change.** Once a taxpayer, including a tax-exempt entity, adopts an accounting method for federal income tax purposes, the taxpayer must

generally request the IRS consent before it can change its accounting method (even if the year in which the taxpayer seeks to make the change is a year in which it generates only tax-exempt income or is otherwise not taxed on its taxable income). In most cases, a taxpayer requests consent to change an accounting method by filing Form 3115, Application for Change in Accounting Method. See Rev. Proc. 2015-13, or any successor, for general procedures for obtaining consent to change an accounting method. See the Instructions for Form 3115 and Pub. 538 for more information and exceptions. See Rev. Proc. 2021-34 for additional procedures that may apply for obtaining automatic consent to change methods of accounting for revenue recognition and certain other methods of accounting that may affect the accounting for revenue recognition. Also see Rev. Proc. 2022-09 for additional procedures that may apply for obtaining automatic consent to



change certain methods of accounting related to small businesses.

Depending on the specific accounting method change being requested, the taxpayer may be able to request automatic consent. This means that, as long as the taxpayer follows the applicable procedures, the taxpayer does not have to wait for formal approval by the IRS before applying the new accounting method available at [Rev. Proc. 2022-14](#), for the List of Automatic Changes for 2022; as modified by Rev. Proc. 2022-23; 2022-18 I.R.B. 1052, available at [Rev. Proc. 2022-23](#), providing guidance allowing late elections under sections 168(j)(8) and 168(l)(3)(D), and also providing guidance allowing a late election under section 181(a)(1), for a list of accounting method changes that may qualify for automatic consent.

For example, a tax-exempt entity that has adopted an accounting method for an item of income from an unrelated trade or business

must generally request consent before it can change its method of accounting for that item in any subsequent year. This is true regardless of whether gross income from the unrelated trade or business is \$1,000 or more in such subsequent year.

Alternatively, if a taxpayer, including a tax-exempt entity, has not yet adopted an accounting method for an item of income or deduction, a change in how the entity reports the item isn't a change in accounting method. In this case, the procedures applicable to requests for accounting method changes (the requirement to file Form 3115) aren't applicable. See Rev. Proc. 2015-13 for the definition of what constitutes an accounting method change.

Thus, a tax-exempt entity that has never taken into account an item of income or deduction in determining taxable income does not have to request consent to change its method of reporting that item on its Form

990-T. Additionally, a tax-exempt entity that has never been subject to federal income tax on an item of income or deduction, but that is required to file a Form 990-T solely due to owing a section 6033(e)(2) proxy tax, does not have to request consent to change its method for reporting the item.

***Adjustments required when changing an accounting method.*** A taxpayer, including a tax-exempt entity, that changes its accounting method must generally calculate and report an adjustment to ensure that no portion of the item being changed is permanently omitted or duplicated (see section 481(a)). However, depending on the specific method change, the IRS may provide that an adjustment isn't required or permitted.



*Generally, a taxpayer, including a tax-exempt entity, will recognize a positive section 481(a) adjustment (that is, an increase to income) ratably over 4 tax years*

*and will recognize a negative section 481(a) adjustment in full in the year of change. See Rev. Proc. 2015-13 or its successor.*

An organization may elect a 1-year adjustment period for a positive section 481(a) adjustment that is less than \$50,000. See the Instructions for Form 3115 for more information and the requirements to make this election.

Include any positive section 481(a) adjustment on Schedule A (Form 990-T), Part I, line 12 (Other income). If the section 481(a) adjustment is negative, report it as a deduction on Schedule A (Form 990-T), Part II, line 14 (Other deductions). The section 481(a) adjustment should not be reported on Form 990-T as a negative number.

However, as discussed above, if a tax-exempt entity has not yet adopted an accounting method for an item, a change in how the entity reports the item for purposes of filing the Form 990-T is not a change in accounting

method. In this case, an adjustment under section 481(a) isn't required or permitted.

## **Accounting Period**

The return must be filed using the organization's established annual accounting period. If the organization has no established accounting period, file the return on the calendar-year basis.

Applicable entities such as state and local governmental entities and Indian tribal governments that have not established an annual accounting period for purposes of filing a tax return should identify their annual accounting period on their first Form 990-T.

**Fiscal year.** If the organization has established a fiscal year accounting period, use the 2023 Form 990-T to report on the organization's fiscal year that began in 2023 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the

organization. Be certain to indicate in Item A of Form 990-T, the date the organization's fiscal year began in 2023 and the date the fiscal year ended in 2024.

To change an accounting period, some organizations may make a notation on a timely filed Form 990, 990-EZ, 990-PF, or 990-T. Others may be required to file Form 1128, Application To Adopt, Change, or Retain a Tax Year. For details on which procedure applies to your organization, see Rev. Proc. 85-58, 1985-2 C.B. 740, and the Instructions for Form 1128.

For the short-period return, figure the tax by placing the organization's taxable income on an annual basis. If the organization changes its accounting period, file Form 990-T for the short period that begins with the first day after the end of the old tax year and ends on the day before the first day of the new tax year. For details, see section 443.

## **Reporting 990-T Information on Other Returns**

Your organization may be required to file an annual information return on:

- Form 990, Return of Organization Exempt From Income Tax;
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax;
- Form 990-PF, Return of Private Foundation or Section 4947(a) (1) Nonexempt Charitable Trust Treated as a Private Foundation; or
- Form 5500, Annual Return/Report of Employee Benefit Plan.

If so, include on that information return the unrelated business gross income and expenses (but not including the specific deduction claimed on Part I, line 8, or any expense carryovers from prior years)

reported on Form 990-T for the same tax year.

## **Rounding Off to Whole Dollars**

You may round off cents to whole dollars on the organization's return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3. If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total. If you are entering amounts that include cents, make sure to include the decimal point. There is no cents column on the form.

## **Public Inspection Requirements of Section 501(c) (3) Organizations**

Under section 6104(d), a section 501(c)(3) organization that files Form 990-T must make



its entire annual exempt organization business income tax return (including amended returns) available for public inspection. See *Appendix C. Public Inspection of Form 990-T Returns Filed by Section 501(c)(3) Organization*, later.

## **Specific Instructions**

### **Period Covered**

File the 2023 form for calendar year 2023 or a fiscal year beginning in 2023 and ending in 2024. For a fiscal year, fill in the tax year information at the top of the form. The 2023 Form 990-T may also be used if:

- The organization has a tax year of less than 12 months that begins and ends in 2024, and
- The 2024 Form 990-T isn't available at the time the organization is required to file its return. The organization must show its 2024 tax year on the 2023 Form 990-T

and take into account any tax law changes that are effective for tax years beginning after 2023.

## **Name and Address**

The name and address on Form 990-T should be the same as the name and address shown on other Forms 990.

Include the suite, room, or other unit number after the street address. If the Post Office doesn't deliver mail to the street address and the organization has a P.O. box, show the box number instead of the street address.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.



***Change of name.*** *If the organization has changed its name, it must check the box next to "Name of organization"*

*and also provide the following when filing this return, if it is:*

- *A corporation, is incorporated with the state or limited liability company treated as a corporation for tax purposes (that is, not a disregarded entity)—an amendment to the articles of incorporation or articles of organization along with proof of filing with the state;*
- *A trust—an amendment to the trust agreement with the trustee(s) signature; or*
- *An association, or an unincorporated association—an amendment to the articles of association, constitution, by-laws, or other organizing document with signatures of at least two officers/members.*

## Items A Through L

**Item A.** If the organization has changed its address since it last filed a return, check item A.



*If a change in address occurs after the return is filed, use Form 8822-B, Change of Address or Responsible Party — Business, to notify the IRS of the new address.*

**Item B.** Check the box under which the organization receives its tax exemption.

Qualified pension, profit-sharing, and stock bonus plans should check the 501 box and enter “a” between the first set of parentheses. Do not make an entry in the space between the second parentheses.

For other organizations exempt under section 501, check the box for 501 and enter the section that describes their tax-exempt status, for example, 501(c)(3).

For tax-exempt organizations that don't receive their exemption under section 501, use the following guide.

<b>IF you are a</b>	<b>THEN check this box</b>
IRA, SEP, or SIMPLE	408(e).
Roth IRA	408A.
Archer MSA	220(e).
Coverdell ESA	530(a).
Qualified State Tuition Program	529(a).
Qualified ABLE Program	529A.

Public colleges and universities that have not obtained recognition of exemption under section 501(c)(3), and applicable entities that are not described in section 501(a) should not check any box in item B.

**Item C.** Enter the total of the end-of-year assets from the organization's books of account.

**Item D.** Every organization or entity filing Form 990-T must have its own employer identification number (EIN).



***No organization or other entity should use the EIN of any other organization or entity.***

An employees' trust described in section 401(a) and exempt under section 501(a) should enter its own trust identification number in this block.

An IRA trust enters its own EIN in this block. An IRA trust never enters a social security number (SSN) or the trustee's EIN.

An EIN may be applied for in one of the following ways.

- Online. Go to [IRS.gov/EIN](https://www.irs.gov/ein). The EIN is issued immediately once the application information is validated.
- By mailing or faxing Form SS-4, Application for Employer Identification Number.

**Note.** Only organizations located in the United States or U.S. territories can use the online application. Foreign organizations must use one of the other methods to apply for an EIN in one of the following ways.

**Item E.** If the organization is covered by a group exemption, enter the group exemption number.

**Item F.** Check this box if the organization previously filed a Form 990-T return with the IRS for a tax year and is now filing another return for the same tax year to amend the previously filed return. Also, see *Amended*

*return*, earlier, for information you must include in an amended return.

**Item G.** Check the box that describes your organization.

Check the box for "6417(d)(1)(A) Applicable entity" only if no other checkbox on this line applies. For example, a rural electric cooperative exempt under section 501(c)(12) should check the box for 501(c) Corporation or 501(c) Trust, (as the case may be).

Similarly, a public college or university should check the box for "State college/university" even if it is filing Form 990-T solely with regard to an elective payment election.

"Other trust" includes IRAs, SEPs, SIMPLEs, Roth IRAs, Coverdell ESAs, and Archer MSAs.

Section 529 organizations check the 501(c) corporation or 501(c) trust box depending on whether the organization is a corporation or a trust. Also, the box for 529(a) in item B must be checked.





*Compute your tax in Part II on the appropriate line. If you check 501(c) corporation, you must compute your tax on Part II, line 1, and leave line 2 blank. If you check 501(c) trust, 401(a) trust, or Other trust, you must compute your tax on Part II, line 2, and leave line 1 blank.*

**Item H.** Check if filing Form 990-T only to claim a credit from Form 8941, to claim a refund shown on Form 2439, or to claim the elective payment election amount from Form 3800.

**Item I.** Check if you are a 501(c)(3) organization filing a consolidated return with a 501(c)(2) title holding corporation. See *Consolidated returns*, earlier, for additional information.

**Item J.** Enter the total number of Schedules A attached to Form 990-T. An organization with one or more unrelated trades or businesses will complete a separate Schedule A for each unrelated trade or business.



*Complete all needed Schedules A before completing Parts I through V of Form 990-T.*

**Item K.** Check "Yes" box if your organization is a corporation and either (1) or (2) below applies.

1. The corporation is a subsidiary in an affiliated group (defined in section 1504) but isn't filing a consolidated return for the tax year with that group.
2. The corporation is a subsidiary in a parent-subsidiary controlled group (defined in section 1563).

***Excluded member.*** If the corporation is an "excluded member" of a controlled group (see section 1563(b)(2)), it is still considered a member of a controlled group for purposes of item K.

**Item L.** Enter the name and address of the person who has the organization's books and records and the telephone number at which they can be reached.

## **Part I. Total Unrelated Business Taxable Income**

### **Total of Unrelated Business Taxable Income Computed From All Unrelated Trades or Businesses**

**Line 1.** Enter the sum of the positive amounts from all Schedules A (Form 990-T), Part II, line 18. Don't include any amount from Schedule A (Form 990-T), Part II, line 18, that is less than zero in the computation of total unrelated trade or business income reported on Part I, line 1.

**Line 2.** Reserved. Do not enter any amount on this line.

## **Charitable Contributions**

**Line 4.** Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c). Also, enter any unused contributions carried over from earlier years. The deduction for contributions will be allowed whether or not directly connected with the conduct of a trade or business. See *Appendix B. Charitable Contribution Deduction*, later.

## **Deduction for Net Operating Loss Arising in Tax Years Beginning Before 2018**

**Line 6.** Enter the smaller of (a) the amount of NOL arising in tax years beginning before January 1, 2018, or (b) the amount shown on Part I, line 1.

## **Specific Deduction**

**Line 8.** A specific deduction of \$1,000 is allowed except for computing the NOL and

the net operating loss deduction under section 172.

Only one specific deduction may be taken, regardless of the number of unrelated businesses conducted. However, a diocese, province of a religious order, or convention or association of churches is allowed one specific deduction for each parish, individual church, district, or other local unit that regularly conducts an unrelated trade or business. This applies only to those parishes, districts, or other local units that aren't separate legal entities but are components of a larger entity (diocese, province, convention, or association). Each specific deduction will be the smaller of \$1,000 or the gross income from any unrelated trade or business the local unit conducts. If you claim a total specific deduction larger than \$1,000, attach a statement showing how you figured the amount. The attached statement should include the name of each local unit, its gross

unrelated business income, and its allowable specific deduction (which can't exceed the smaller of \$1,000 or the local unit's gross unrelated business income).

The diocese, province of a religious order, or convention or association of churches must file a return reporting the gross income and deductions of all its units that aren't separate legal entities. These local units can't file separate returns because they aren't separately incorporated. Local units that are separately incorporated must file their own returns and can't be included with any other entity except for a title holding company. See *Consolidated Returns*, earlier.

For details on the specific deduction, see section 512(b)(12) and the related regulations.

## **Section 199A Deduction**

***For trust filers only.*** If you are a trust filing Form 990-T and have unrelated business

income, you may have Qualified Business Income (QBI) and may be allowed a QBI deduction under section 199A.

Refer to the instructions for Form 8995, or Form 8995-A, (as applicable) to determine whether you meet the requirements for the QBI deduction and how to complete the applicable form.

**Line 9.** For purposes of calculating the QBI deduction, the taxable income before the QBI deduction is the amount reported on Part I, line 7, minus the amount reported on Part I, line 8.

**Note.** For tax years beginning after 2017, the organization determines the unrelated business income separately for each unrelated trade or business, and the income for an unrelated trade or business can't be less than zero. Since a loss from an unrelated trade or business isn't included in the UBTI for the tax year due to application of section 512(a)(6), when calculating QBI, omit items

of income, gain, deduction, and loss from any unrelated trade or business that operated at a loss. A loss from an unrelated trade or business will be carried forward to future years when the trust has income (or gain that is subject to unrelated business income tax) from the same unrelated trade or business and will be used in those years in calculating the QBI. Additionally, W-2 wages and unadjusted basis immediately after the acquisition (UBIA) of qualified property from an unrelated trade or business that operated at a loss for the current tax year aren't used in calculating the limitation on QBI for taxpayers over the threshold.

## **Part II. Tax Computation**

### **Organizations Taxable as Corporations**

**Line 1.** Multiply Part I, line 11, by 21% (0.21).



## Trusts

**Line 2.** Trusts exempt under section 501(a), which otherwise would be subject to subchapter J (estates, trusts, etc.), are taxed at trust rates. This rule also applies to employees' trusts that qualify under section 401(a). Most trusts figure the tax on the UBTI amount on Part I, line 11, using the Tax Rate Schedule for

Trusts, below. If the tax rate schedule is used, enter the tax on Part II, line 2, and check the "Tax rate schedule" box. If the trust is eligible for the rates on net capital gains and qualified dividends, complete Schedule D (Form 1041) and enter on Part II, line 2, the tax from Schedule D (Form 1041). Check the "Schedule D" box on line 2 and attach Schedule D (Form 1041) to Form 990-T.



*A trust with more than one unrelated trade or business that computes its tax on Schedule D (Form 1041) may need to adjust the amount entered on Schedule D*

*(Form 1041), Part V, line 22, to include only the net gain from Schedule D (Form 1041), line 18a (column 2), or line 19 (column 2), that is included in income on Part I of Form 990-T.*

## **Tax Rate Schedule for Trusts**

*If the amount on Part II, line 2, is:*

---

<i>Over—</i>	<i>But not over—</i>	<i>Tax is:</i>	<i>Of the amount over—</i>
\$0	\$2,900	<b>10%</b>	\$0
2,900	10,550	<b>\$290 + 24%</b>	2,900
10,550	14,450	<b>2,126 + 35%</b>	10,550
14,450	- - - - -	<b>3,491 + 37%</b>	14,450

---

## **Proxy Tax**

**Line 3.** To pay the section 6033(e)(2) proxy tax on nondeductible lobbying and political expenditures, enter the proxy tax on Part II, line 3, and attach a statement showing the computation.

Exempt organizations, except section 501(c)(3) and certain other organizations, must include certain information regarding lobbying expenditures on Form 990. In addition, organizations may have to provide notices to members regarding their share of dues to which the expenditures are allocable. See the Instructions for Form 990 and Rev. Proc. 98-19, 1998-1 C.B. 547, for exceptions.

If the organization elects not to provide the notices described earlier, it must pay the proxy tax described in section 6033(e)(2). If the organization doesn't include the entire amount of allocable dues in the notices, it may have to pay the proxy tax. This tax isn't applicable to section 501(c)(3) organizations.

Figure the proxy tax by multiplying the aggregate amount not included in the notices described earlier by 21%. No deductions are allowed.

## **Other Tax Amounts**

**Line 4.** Part II, line 4, is intended to capture any positive tax amount that doesn't have a specific line. An MeF (Internet filing) dependency (attachment) captures the detail. Use line 4 to report tax amounts not reported on a specific line in Part II (excluding tax deferred under section 1294, which is included on Part III, line 4).

- Use this line to report the base erosion minimum tax amount under section 59A from Form 8991, Part IV, line 5e. Section 59A applies to base erosion payments paid or accrued in tax years beginning after 2017. See the Instructions for Form 8991 to determine if the organization is an applicable taxpayer under section 59A(e), and, if the organization is an applicable

taxpayer, to determine the base erosion minimum tax amount. Enter the base erosion minimum tax amount on Part II, line 4.

- Use this line to report the tax and interest on a nonqualified withdrawal from a capital construction fund (section 7518).
- Use this line to report the deferred tax amount (defined in section 1291(c)(1)) that is the aggregate increase in taxes (described in section 1291(c)(2)) on an excess distribution from a passive foreign investment company (PFIC) that is taxable as UBTI. See the Instructions for Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.
- Use this line to report the increase in tax attributable to a partner's audit liability. If your organization received Form 8986 from one or more partnerships that have

elected to push out adjustments to partnership-related items to their partners, complete and attach Form 8978. See the Instructions for Form 8978. Include any increase in taxes due from Form 8978, line 14, on Part II, line 4. If Form 8978 shows a decrease in tax, do not report that here. Instead, a negative adjustment should be reported in Part III on line 1b.

Unless otherwise indicated, when reporting deferred tax on line 4, don't include interest on the tax amount. Instead, report such interest as an "other amount due" on Part III, line 3. For example, interest on tax deferred under section 1291(c)(1), determined under section 1291(c)(3) is reported on Part III, line 3.

**How to report.** Attach a statement to Part II, line 4, showing (a) a brief description of the type of tax, and (b) the amount. For example, if the organization is reporting \$100

of tax due from an increase in tax attributable to a partner's audit liability (Form 8978), the attachment would show "Form 8978" and "\$100."

## **Alternative Minimum Tax**

**Line 5.** Organizations liable for tax on unrelated business taxable income may be liable for alternative minimum tax.

Trusts attach Schedule I, Alternative Minimum Tax–Estate and Trusts, and enter any tax from Schedule I on this line.

Corporations may need to complete and attach Form 4626, Alternative Minimum Tax–Corporation, and enter any tax from Form 4626 on this line. See the Instructions for Form 4626 for more information.

## **Tax on Noncompliant Facility Income**

**Line 6.** There is a tax on a hospital organization's noncompliant facility income. See Regulations section 1.501(r)-2 for more

information. This tax is an income tax and is separate from the excise tax on a failure to meet the community health needs assessment requirements of section 501(r)(3) that is reported on Form 4720.

## **Total**

**Line 7.** Add Part II, lines 3, 4, 5, and 6, to Part II, line 1 or 2, whichever applies.

## **Part III. Tax and Payments**

### **Foreign Tax Credit**

- **Corporations.** See Form 1118, Foreign Tax Credit—Corporations, for an explanation of when a corporation can claim this credit for payment of income tax to a foreign country or U.S. possession.
- **Trusts.** See Form 1116, Foreign Tax Credit (Individual, Estate, or Trust), for rules on how the trust computes the foreign tax credit.



**Line 1a.** Complete the form that applies to the organization and attach the form to Form 990-T. Enter the credit on this line.

## **Other Credits**

**Line 1b.** Use line 1b to enter nonrefundable credits not identified elsewhere in Part III, line 1. Attach a statement that lists the applicable form and the amount of the credit. Such credits may include the following.

- Any QEV passive activity credits from prior years allowed for the current tax year from Form 8834, Qualified Electric Vehicle Credit, line 7. Attach Form 8834.
- The allowable credits from Form 8912, Credit to Holders of Tax Credit Bonds, line 12.
- If your organization received Form 8986 from one or more partnerships that have elected to push out adjustments to partnership-related items to their partners, complete and attach Form 8978.

See the Instructions for Form 8978. Enter the amount of any decrease in taxes due from Form 8978, line 14.

## **General Business Credit**

**Line 1c.** Enter the organization's total general business credit (excluding the work opportunity credit, the employee retention credit, the empowerment zone employment credit, the Indian employment credit, and the credit for employer differential wage payments). See the Instructions for Form 3800 for exceptions.

The organization is required to file Form 3800, General Business Credit, to claim any business credit. For a list of credits, see Form 3800. Include the allowable credit from Form 3800, Part II, line 38, on Form 990-T, Part III, line 1c.



*Do not enter the net elective payment election amount from Form 3800 on line 1c. Enter the elective payment election amount from Form 3800 on line 6g.*



*An organization described in section 501(c) which is exempt from tax under section 501(a) should not use Form 3800 to claim the refundable small employer tax credit for certain health insurance premiums paid on behalf of its employees. See the instructions for Part III, line 6f. See the instructions to Form 3800.*

## **Credit for Prior-Year Minimum Tax**

**Line 1d.** Use Form 8801 to figure the minimum tax credit and any carryforwards of that credit for trusts. For corporations, use Form 8827.

## **Total Credits**

**Line 1e.** Add lines 1a through 1d.

## **Line 3. Other Amounts Due**

### ***Line 3a. Recapture of investment credit.***

Use line 3a to report recapture of investment tax credit amounts required when certain investment tax credit property ceases to be qualified property before the end of the recapture period. See Form 4255, Recapture of Investment Credit.

### ***Line 3b. Recapture of low-income***

**housing credit.** If the corporation disposed of property (or there was a reduction in the qualified basis of the property) for which it took the low-income housing credit, and the corporation did not follow the procedures that would have prevented recapture of the credit, it may owe a tax. See Form 8611, Recapture of Low-Income Housing Credit. ***Line 3c.***

**Interest due under the look-back method -completed long-term contracts.** If the corporation used the percentage-of-completion method under section 460(b) for certain long-term contracts, figure any

interest due or to be refunded using the look-back method, described in section 460(b)(2). Use Form 8697 to figure any interest due or to be refunded. See the Instructions for Form 8697. Include any interest due on line 3c.

**Line 3d. Interest due under the look-back method -income forecast method.** If the corporation used the income forecast method to depreciate property, it must figure any interest due or to be refunded using the look-back method, described in section 167(g)(2). Use Form 8866 to figure any interest due or to be refunded. See the Instructions for Form 8866. Include any interest due on line 3d.

**Line 3e. Other** Additional amounts due may be included in the total entered on Part III, line 3. Check the box for “Other” if the organization includes any of the items discussed. See *How to report* below for details on reporting these amounts on an attached statement.

- Interest on deferred tax attributable to installment sales of certain time-shares and residential lots (section 453(l)(3)) and certain nondealer installment obligations (section 453A(c)).
- Interest due on deferred gain (section 1260(b)).
- If the organization makes the election to be taxed on its income from qualifying shipping activities, complete Form 8902, *Alternative Tax on Qualifying Shipping Activities*, and attach it to Form 990-T. See *Income from qualifying shipping activities*, later. **How to report.** If the organization checked the "Other" box, attach a statement showing the computation of each item included in the total for Part III, line 3e. In addition, identify (a) the applicable Code section or form number, (b) the type of tax or interest, and (c) the amount of tax or interest. For example, if the organization

is reporting \$100 of tax due from the recapture of the QEV credit, enter "Section 30—QEV recapture tax—\$100" on the attached statement. **Total Tax**

**Line 4.** Include any deferred tax on the termination of a section 1294 election applicable to shareholders in a qualified electing fund (QEF) in the amount entered on Part III, line 4. See Form 8621, Part VI, and *How to report*, later.

Subtract from the total entered on Part III, line 4, any deferred tax on the corporation's share of undistributed earnings of a QEF. See Form 8621, Part III.

***How to report.*** Attach a statement showing the computation of each item included in, or subtracted from, the total on Part III, line 4. Specify (a) the applicable Code section, (b) the type of tax, and (c) the amount of tax.

## Line 5

### Section 965

**Corporation.** For tax years 2021 and later, a corporation will not have any section 965(a) inclusions to report. If the organization elected to pay its section 965 net tax liability in installments, the organization should attach Form 965-B to Form 990-T. However, the current-year installment should be paid with a separate voucher (which will be mailed to the organization in advance of the payment due date). Don't include the current-year installment in the Tax and Payments computation in Part III.

**Trust.** A trust that has "net 965 tax liability" for the current tax year (as described in the Instructions for Form 965-A) should enter on line 5 the amount from the current-year line on Form 965-A, Part II, column (k). If the trust has no net 965 tax liability for the current tax year, but has elected to pay its section 965 net tax liability in installments,



the trust should attach Form 965-A to Form 990-T, but should not include the current-year installment in the Tax and Payments computation in Part III (as described above for corporations).

## **Estimated Tax Payments**

**Line 6b.** Enter the total estimated tax payments made for the tax year.

If an organization is the beneficiary of a trust, and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the organization's share of the estimated tax payments in the total amount entered here. Attach a statement showing the amount of the section 643(g) credit amount.

## **Foreign Organizations**

**Line 6d.** Enter the tax withheld on UBTI from U.S. sources that isn't effectively connected with the conduct of a trade or business within the United States. Attach

Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, or another form which verifies the withheld tax reported on Part III, line 6d.

## **Backup Withholding**

**Line 6e.** Recipients of dividend or interest payments must generally certify their correct tax identification number to the bank or other payer on Form W-9. If the payer doesn't get this information, it must withhold part of the payments as "backup withholding." If your organization was subject to erroneous backup withholding because the payer didn't realize you were an exempt organization and not subject to this withholding, you can claim credit for the amount withheld by including it on Part III, line 6e. See *Backup withholding* under *Which Parts To Complete*, earlier.