

EXEMPT ORGANIZATION REQUIREMENTS

If the application is approved and DRT recognizes the organization as exempt, the organization will be required to file certain returns and applications, and publish its financial statements:

1. Income Tax requirements (Form 990 series)

A. GTITC § 6033(a)(1) Organizations required to file

In general Except as provided in paragraph (3), every organization exempt from taxation under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and shall keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe; except that, in the discretion of the Secretary, any organization described in section 401(a) may be relieved from stating in its return any information which is reported in returns filed by the employer which established such organization.

B. GTITC § 6033(c)(3)(A) Exceptions from filing

Mandatory exceptions Paragraph (1) shall not apply to

(i) churches, their integrated auxiliaries, and conventions or associations of churches,

(ii) any organization (other than a private foundation, as defined in section 509(a)) described in subparagraph (C), the gross receipts of which in each taxable year are normally not more than \$5,000, or

(iii) the exclusively religious activities of any religious order.

C. GTITC § 6072(e) Organizations exempt from taxation under section 501(a)

In the case of an income tax return of an organization exempt from taxation under section 501(a) (other than an employees' trust described in section 401(a)), a return shall be filed on or before the 15th day of the 5th month following the close of the taxable year.

2. Business Privilege Tax Requirements (Form FCN 2-2-111)

§Section 26110(c), Chapter 26, Article1, Title 11,GCA Annual Information Return

Any person engaged in any business, or activity of a business nature, which has been declared tax exempt by the Tax Commissioner, as provided in this chapter, **shall be required to file annually, not later than ninety (90) days following the close of such person's tax year**, an information return setting forth therein the nature of such business, the tax exemption given by the Tax Commissioner, the gross income of such business and any other information required in the rules and regulations promulgated by the Tax Commissioner.

3. Submissions of Publication of Financial Statements

A. §14102, Chapter 14, Division 1, Title 18, GCA Filing of Annual Reports.

Except for an organization that is entirely religious in character, or a fraternal organization operating under the lodge system that does not solicit, directly or indirectly, from the general public donations and contributions, and does not participate in local fund-raising activities such as raffles and bingo games, every nonprofit organization, including but not limited to a fraternal benefit society, order or association operating under the lodge system, a corporation, association, or society organized and operated for eleemosynary, scientific or educational purposes, business league, Chamber of Commerce, civil league, a political party, any organization of more than two individuals whose purpose is to provide funds or other assistance of value to a political candidate, any organization with the avowed purpose of advocating the improvement of the Government of Guam or the political process, and an organization operating for the benefit of the community and for the promotion of social welfare, shall be caused to be ***published annually within forty-five (45) days of the close of its fiscal year in a newspaper of general circulation in the Territory of Guam*** a financial report which report shall include a statement of its income and expenditures for the preceding year and a balance sheet showing its assets and liabilities. For the limited purpose of this section, the fiscal year of a political party, an organization of more than two individuals, whose purpose is to provide funds or other assistance of value to a political candidate and any organization with the avowed purpose of advocating the improvement of the Government of Guam or the political process shall end on September 15. Such newspaper report need be no larger than four inches by five inches. *Such financial statement shall contain a certificate as to its accuracy by an officer of the organization which financial statement shall be filed with the Director of Revenue & Taxation.*

B. §14103, Chapter 14, Division 1, Title 18, GCA Administration by Department of Revenue & Taxation.

The Director of Revenue & Taxation shall administer the provisions of this Chapter and *upon a finding of noncompliance thereof by any organization required to file and publish such statement, he shall revoke any license or charter issued to such organization by the Government of Guam and shall revoke the tax exempt status of such organization; provided, however, that such action or actions may be taken by the Director only after a public hearing pursuant to the provisions of*

the Administrative Adjudication Law [5 GCA Chapter 6]. In addition, any officer of an organization required to publish its financial statement under the provisions of this Chapter who either intentionally fails to publish such or intentionally falsifies the information therein shall be guilty of a misdemeanor.

Fundraising Requirements:

For purposes of fundraising whereby the issuance of tickets are required for any specific event to be held, an application of Form FCN 2-2-139 should be filed with the BPTB at least twenty (20) days prior to the initial particular event for which the exemption is claimed. Form FCN 2-2-136 (Registration of Tickets), the first and last tickets printed for the event, and a statement from the printing company certifying the number of tickets printed should accompany the specific event application.

Revocation of Exempt Status/Liability of Taxes:

If the organization is recognized by DRT as tax-exempt, failure to comply with these requirements could lead to DRT's revocation of the organization's exempt status. If the organization is not exempt, the activities will be subject to taxation or the individuals involved could be liable for taxes.