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distribution as well as figure taxes based on investment income. Debuting in 1974, the outdated Form 990-PF is difficult to follow and has caused confusion to those in

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In a [comment letter](#) to the Internal Revenue Service, the [New York State Society of CPAs](#) suggested three changes should be made to the Private Foundation Return Form (Form 990-PF). The changes would potentially simplify the form, improve preparation accuracy and encourage increased electronic filing.

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“As CPAs who practice with tax exempt organizations, we encompass both public charities and private foundations,” said Kevin Sunkel, chair of the Society’s Exempt Organizations Committee and primary drafter of the Society’s letter. In comparison, “Form 990, (which is used) by public charities was revised in a major way back in 2008, but the Form 990-PF, which is used for private foundations, has remained more or less static since it was designed in 1974.”

The first proposed form change referred to Part II of the Balance Sheet Investments lines 10a, b, and c, which requires schedules to be attached by category of investment. The NYSSCPA recommended the IRS to combine 990-PF balance sheet lines 10a, b, and c into one line called, “Publicly Trades Securities” with the same qualifications and limitations as applies to the comparable Form 990 line.

“Many foundations attach lengthy supporting schedules rather than incur additional costs to enter or import the information into tax software,” the NYSSCPA wrote. “This could expose foundations to a greater risk of identity theft by third parties and this requirement also serves as a disincentive to electronic filing.”

Another suggestion the NYSSCPA recommended referred to the compensation threshold in Part VIII – Information about Employees and Contractors, lines 2 and 3.

“The Form 990-PF compensation threshold for employees and contractors is \$50,000 while the Form 990 (used by public charities) threshold for highest compensated employees and contractors is \$100,000,” the NYSSCPA wrote. “There is no discernible public policy reason or tax enforcement purpose that would justify the lower threshold for the 990-PF.”

The NYSSCPA suggested the compensation threshold on Form 990-PF should be increased to \$100,000 as a way to simplify form preparation, improve consistency

and comparability of compensation data between public and private charities.

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and comparability between Form 990 and 990-PF could be accomplished.

“Our comments are based upon our real world experiences in providing professional services to a wide array of tax exempt organizations,” the NYSSCPA wrote. “We look forward to working with the IRS on an ongoing collaborative basis to bring the nonprofit industry to a more consistent, transparent and reliable position.”

Click to read the entire NYSSCPA comment letter [here](#).

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