**LM & 990 Reports: Required Federal Forms**

**IRS Filing Requirements for Local Unions**

*The following information is condensed from the Instructions provided by the Internal Revenue Service and is subject to change as IRS Regulations change. This information should be used for guidance BUT to complete Form 990, Form 990-EZ or Form 990-N (e-Postcard) visit the IRS website at* [*www.irs.gov//form990*](http://www.irs.gov//form990)*. In general, IUE-CWA Local Unions qualify as tax-exempt organizations, but they must file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N), depending upon the organization's gross receipts and total assets.*

ALL Locals must file a Form 990 (either 990, 990-EZ or 990-N according to the Local’s financial size) with the IRS - there are NO exceptions

**Form 990-N (e-Postcard): For Small Locals**

Most small tax-exempt organizations whose annual gross receipts are normally $50,000 or less are required to electronically submit Form 990-N, also known as the e-Postcard, unless they choose to file a complete Form 990 or Form 990-EZ instead. There is no penalty assessment for late filing the e-Postcard, but an organization that fails to file required &-Postcards (or Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax exempt status. The revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

**Due Date of the 990-N**

Like all Forms 990, the 990-N (or e-Postcard) is due every year by the 15th day of the 5th month after the close of your tax year. For example, if your tax year ended on December 31, the e-Postcard is due May 15 of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date Is the next business day. Most IUE-CWA Locals are on a October 1 to September 30 fiscal year. Therefore, for those Locals, the due date for their 990 isFebruary 15. Locals cannot file the any 990 including the 990-N until after your tax year ends.

**Filing the 990-N:** Information including the internet link to register and file Form 990-N can be found at: https://www.irs.gov/charities-non-profits/current-form-990-series-forms-and-instructions

\*\*The 990-N can only be completed online. There is no paper version of this Form.

**Information You Will Need to File the 990-N**

The 990-N (e-postcard) is very easy to complete. All you need is eight items of basic information about your organization.

1. Employer Identification number (EIN). also known as a Taxpayer Identification Number

2. Your Local’s Tax year (The fiscal year. For most IUE-CWA Locals this would be October 1 through September 30 – but check your records)

3. Legal name and mailing address (Check how this has been completed on previous 990 Forms)

4. Any other names the organization uses. (Check how this has been completed on previous 990 Forms)

5. Name and address of a principal officer

6. Web site address if the organization has one

7. Confirmation that the organization's annual gross receipts are $50,000 or less

8. If applicable, a statement that the organization has terminated or is terminating (going out of business)

**IRS Filing Requirements for Form 990 and 990-EZ: Larger Locals**

**Form 990-EZ can be filed by Local Unions with gross receipts of less than $200,000 and**

**total assets of less than $500,000 at the end of their tax year.**

**Form 990 must be filed by Local Unions with gross receipts of $200,000 or more.**

However, a local with total assets of more than $500,000 is required to file Form 990 even if their annual gross receipts are less than $200,000.

Gross receipts are the total amounts the Local Union received from all sources during its annual accounting period, without subtracting any cost or expenses.

**Reminder: Do Not Include Social Security Numbers on Public Disclosed Forms**

Because the filing organization and the IRS are required to publicly disclose the organization’s annual information returns, Social Security numbers should not be included on these forms. By law, with limited exceptions, neither the organization nor the IRS may remove that information before making the form publicly available. Documents subject to disclosure include schedules and attachments filed with the form

**When, Where, and How to File 990EZ or 990:**

File Form 990 or Form 990-EZ by the 15th day of the 5th month after the organization's accounting period ends (May 15 for a calendar-year filer). If the regular due date falls on a

Saturday, Sunday or legal holiday, file on the next business day.

**990/990EZInstructions:**

Complete Instructions for completing IRS Forms 990, 990-EZ and 990-N can be found online at:

https://www.irs.gov/charities-non-profits/required-filing-form-990-series

Important Note: The Taxpayer First Act, passed in 2019, states that all tax-exempt organizations that are required to file an IRS Form 990 or 990-EZ will be required to file their forms electronically. The new requirement for the 990 goes into effect for any tax year ending July 31, 2020 or later. Locals filing Form 990-EZ have the choice to file either electronically or on paper until tax years ending July 31, 2021 or later. At that point, all Forms 990 and 990EZ must be filed electronically.

**IRS Authorized e-File Providers:** Many IUE-CWA Locals that file either Form 990 or 990EZ use outside accountants to help them complete those forms. In those cases, usually the outside accountant will have access to the proper software to meet the filing requirements. However, if your Local completes these forms on their own, the new law require that they complete these forms online via an “IRS Authorized e-File Provider.” These are online forms (often similar to Turbo-tax) that have been authorized in compiling and filing these forms. Most of these IRS Authorized e-File Providers” charge either a one time or a subscription fee for their services. The list of providers has been evolving. But, you can review the current list at: https://www.irs.gov/e-file-providers/tax-year-2019-exempt-organizations-modernized-e-file-mef-providers

**Please take some time to review the list of options as their services and fees vary.**

**Extension of Time to File**

Use Form 8868, Application for an Extension of Time to File an Exempt Organization Return to request an automatic 3-month extension of time to file. Use Form 8868 also to apply for an additional (not automatic) 3-month extension if the original 3 months was not enough time. To obtain this additional extension of time to file, the organization (Local) must show reasonable cause for the additional time requested.

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**Failure-to-File Penalties**

**Against the organization**. Under section 6652 (c)(1)(A), a penalty of $20 a day, not to exceed the smaller of $10,000 or 5% of the gross receipts of the organization for the year, can be charged when a return is fifed late, unless the organization can show that the late filing was due to reasonable cause.

**Against responsible person**(s). If the organization does not file a complete return or does not furnish correct information, the IRS will send the organization a letter that includes a fixed time to fulfill these requirements. After that period expires, the person failing to comply will be charged a penalty of $10 a day. The maximum penalty on all persons for failures for any one return shall not exceed $5,000.

Automatic revocation for non-filing for three consecutive years. The law requires most tax-exempt organizations, other than churches, to file an annual Form 990, Form 990-EZ, or 990PF with the IRS, or submit a Form 990-N e-Postcard to the IRS. If an organization fails to file an annual return or submit an annual notice as required for 3 consecutive years, its tax-exempt status is automatically revoked on and after the due date for filing its third annual return or notice. Organizations that lose their exemption may need to file income tax returns and pay income tax. Local whose tax exemption is revoked but may apply for reinstatement of exemption, but the IRS is not obligated to grant reinstatement. For details go to [www.irs.gov/eo](http://www.irs.gov/eo).

**LM Reports: Local Union Requirements to file Department of Labor Information Reports and Financial Reports**

Every Labor Organization subject to the Labor-Management Reporting and Disclosure Act, as amended (LMRDA), the Civil Service Reform Act (CSRA), or the Foreign Service Act (FSA) must file Form LM-1 with the Office of Labor-Management Standards (OLMS) of the U.S. Department of Labor's Employment Standards Administration. These laws cover labor organizations that represent employees who work in private Industry, employees of the U.S. Postal Service, and most Federal government employees.

**Exclusion From Filing LM Reports**

Only those Locals comprised entirely of public employees (state, county or municipal employees) are excluded from filing an LM financial report.

**FOR ALL OTHER LOCALS:**

Yearly Reports. Which Labor Organization Annual Report Form Do I Use (Form LM-2, LM-3, or LM-4?)

The answer to the following questions determines which form must be used

**1. Were your local's total annual receipts $250,000 or more?**

Labor organizations with total annual receipts of $250,000 or more are required to file Form LM-2. To prepare the LM-2 the public reporting burden for this collection of information is estimated to average 536 hours per response. For filers who have subsidiary organizations, as defined in Section X of these instructions, an additional public reporting burden is estimated to average 88 hours per response. These estimates include the time for reviewing instructions, searching existing data sources, gathering and maintaining data. needed, and completing and reviewing the collection of information.

**2. Were your local's total annual receip1s $10,000 or more but less than $250,000?**

Labor organizations with total annual receipts of less than $250,000 may file the simplified annual report Form LM-3. To prepare the LM-3 the public reporting burden for this collection of information is estimated to average 116 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

**3. Were your local’s total annual recelp1s less than $10,000?**

Labor organizations with total annual receipts of less than $10,000 may file the LM-4. To prepare the LM-4 the public reporting burden for this collection of information is estimated to average 10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of inform on.

**TOP DOWN vs. BOTTOM UP:**

Did you know that your local may have the ability to affect the total annual receipts by the way your local pays dues? Locals that pay dues "top down" reduce their annual receipts considerably because per capita and MRF payments are taken prior to becoming income to the local. However, locals that pay-dues "bottom up" receive all the dues first and then pay per capita, thus the full amount of dues apply as annual receipts.

Example #1 Consider that a local with an average pay rate of $20.00 per hour and approximately 750 members will have approximately $405,000 dues income, requiring the local to file Form LM-2. However, if that same local paid dues "top down" their estimated dues income would be about $240,000 permitting a Form LM-3, saving hours in prep time.

The DOL estimates that it takes 536 hours to prepare the LM-2 compared to 116 hours to complete the LM-3. Being top down can save you time!

Example #2 Similarly, consider a local with an average pay rate of $20.00 per hour and

approximately 30 members would have a total annual income of about $16,200. That requires the local to file Form LM-3. However, it that same local paid dues "top down" their estimated annual income would be approximately $9,800, permitting the local to file Form LM-4 saving hours in prep time. ·

The DOL estimates that it takes 116 hours to prepare the LM-3 compared to 10 hours to prepare the LM-4.

**WHEN TO FILE Local LMs:**

Forms LM-2, LM-3 and LM-4 must be filed within 90 days after the end of your organization's fiscal year. Most IUE-CWA locals have a fiscal year ending September 30. Therefore, most Local LM Forms are due on December 28 (90 days after September 30) The law does not authorize the U.S. Department of Labor to grant an extension of time for filing reports for any reason.

If your organization went out of existence during Its fiscal year, a terminal financial report must be filed within 30 days after the date it ceased to exist. See Section XII of the instructions provided on the OOL website for information on filing a terminal financial report.

**How to File the LM-2, Lm-3 or LM-4:**

All Forms LM (LM-2, LM-3 and LM-4) must be filed electronically online. The Department of Labor does not accept paper LM forms.

**Registration is required:**

User Registration: Every person who needs to prepare, review, or sign the LM Form will need to register for and EFS user account and password to access the system. NOTE: Both the Local president and the financial officer are required to digitally sign the LM Form. Therefore, both of these officers MUST register for a separate account in order to sign the form. When registering you will be required to create a User ID and User password. Please write it down somewhere safe.

**Union Registration:** In addition to registering for user accounts, one (and only one) person will also have to register the Local for a unique Private Identification Number (PIN). The PIN will be both emailed and mailed via the U.S Postal Service to the address and email address of the person requesting the PIN designates. This PIN is very important and should be kept private except to those who need to access the LM Form. When you receive this PIN, please put it in a safe location and do not lose it.

Both User Registration and Local Registration for a PIN must be completed online at:

https://olmsapps.dol.gov/efsui/authentication.action

To register for a User Account or PIN click the “+” sign next to the section titled “Existing and New User Account Management” which will bring up the appropriate links.

**Completing the LM Form:**

You use the same link; https://olmsapps.dol.gov/efsui/authentication.action to begin LM Reports and access LM that you are still working on (which have not yet been submitted). To begin or access a LM Form, click the “+” sign on the section titled “LM-1, LM-2, LM-3, LM-4 and Simplified Report”. Type in your User ID, User Password, OLMS File Number, and PIN. (The User ID, User Password and PIN are obtained during the registration process above. The OLMS File Number is the 6-digit number assigned to your Local by the DOL. It you do not know it; it can be found on previous LM reports that your Local has filed). Once the information has been entered and you have signed in, you will be given the options to begin a new report or work on a report in progress.

The Department of Labor (DOL), Office of Labor Management Standards OLMS has a help page which can be located at:

https://www.dol.gov/agencies/olms/regs/compliance/EFS/EFShelp

This is an extremely helpful page. It contains full instructions on the EFS registration process and on each form (LM-2, LM-3, LM-4 and others). The site also has very helpful tutorials both in downloadable Adobe PDF and PowerPoint formats. If you are not familiar with the EFS system, it is strongly advised that you review these tutorials before attempting to complete your LM Reports.

Key Things to Remember:

1. When accessing the EFS System, the DOL suggests that you use Microsoft Internet Explorer Version 6 or higher or Firefox Version 3 or higher as your web browser.

2. When completing the firms, the EFS system has a validation process that must be followed. If the validation show errors, the errors must be corrected before the form can be submitted.

3. The LM Forms use only whole numbers (i.e., no cents)

4. As in all accounting, there is an assts balance at the beginning the year. Then, based on the receipts brought in and disbursements paid out during the year, there is an assets ending balance at the end of the year. It is important to make sure that your asstes at the beginning of the year matches the assets that were reported at the end of the year on the previous year’s LM report.

5. Remember, both the Local president and the financial officer need to register and electronically sign the form.

**PUBLIC DISCLOSURE**

The LMRDA requires that the U.S. Department of Labor make labor organization financial reports available for inspection by the public. Reports for the year 2000 and later may be viewed and downloaded from the OLMS Online Public Disclosure Room at www.unionreports.gov. Coples of reports and union constitutions and bylaws can be ordered at the same Web site. Reports may also be examined and copies purchased at the OLMS Public Disclosure Room at U.S. Department of Labor, Office of Labor-Management Standards 200 Constitution Avenue, NW Room N-1519. Washington, DC 20210-0001

Telephone: 202--693-0125

**OFFICER RESPONSIBILITIES AND PENALTIES**

The president and treasurer or the corresponding principal officers of the labor organization required to sign Form LM 2, LM-3, or LM--4, are personally responsible for its filing and accuracy. Under the LMRDA, officers are subject to criminal penalties for willful failure to file a required report and for false reporting. False reporting includes making any false statement or misrepresentation of a material fact while knowing it to be false, or for knowingly failing to disclose a material fact in a required report or in the information required to be contained in it or in any information required to be submitted with it

The reporting labor organization and the officers required to sign Form LM-2, LM-3 or LM-4 are also subject to civil prosecution for violations of the filing requirements. Section 210 of the LMRDA (29 U.S.C. 440) provides that "whenever it shall appear that any person has violated or is about to violate any of the provisions of this title, the Secretary may bring a civil action for such relief (including injunctions) as may be appropriate."

Under the CSRA and FSA and implementing regulations, false reporting and failure to report may result in administrative enforcement action and litigation. The officers responsible for signing Form LM-3 are also subject to criminal penalties for false reporting under Sections 1001 of Title 18 and 1746 of Title 2s·of the United States Code.

**RECORDKEEPING**

The officers required to file Form LM-2, LM-3 or LM-4 are responsible for maintaining records which will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. The records must be kept for at least 5 years after the date the report is filed. Any record necessary to verify, explain, or clarify the report must be retained, including, but not limited to, vouchers, worksheets, receipts, and applicable resolutions, and any electronic documents, including recordkeeping software, used to complete, read, and file the report.

**OTHER REQUIRED DOL REPORTS:**

Initial LM Filing, Form LM-1

Every labor organization subject to the LMRDA, CSRA or FSA is required to adopt a constitution and bylaws and file two copies together with an initial Form LM-1 with OLMS. The initial Form LM-1 must report certain information concerning the structure, practices, and procedures of the labor organization.

OLMS will acknowledge receipt of your organization's initial Form LM-1 and advise you of the 6-digit identifying file number that has been assigned to your organization. This file number MUST be entered on the annual financial reports (Form LM-2, LM-3, or LM-4) which your labor organization is also required to file with the Department of Labor.

**Amended Form LM-1**

A labor organization is required to file an amended Form LM-1 to update the information on file with OLMS if there are any changes in the practices and procedures listed in its most recent Form LM-1.

**When to file:** Form LM-1 must be filed within 90 days after the date on which your organization becomes subject to the LMRDA, CSRA, or FSA. Also, subsequent to filing Form LM-1, you must file annual financial reports (Form LM-2, LM-3, or LM-4) within 90 days after the end of your organization's fiscal year.

**LABOR ORGANIZATIONS IN TRUSTEESHIP**

Any labor organization which has placed a subordinate labor organization in trusteeship is responsible for filing the subordinate's annual financial report. A trusteeship is defined in section 3(h) of the LMRDA as •any receivership, trusteeship, or other method of supervision or control whereby a labor organization suspends the autonomy otherwise available to a subordinate body under its constitution or bylaws." ·

Annual financial reports filed for any labor organization in trusteeship must be filed on Form LM-2 rather than Form LM-4. The report must be signed by the president and· treasurer or corresponding principal officers of the labor organization which imposed the trusteeship and by the trustees of the subordinate labor organization. Form LM-2 can be downloaded from the OLMS Web site at [www.olms.dol.gov.](http://www.olms.dol.gov/) For additional information contact any of the offices listed at the end of these instructions.

**State Reports**

Several states require Local unions to file financial data with the State Department of Labor. It is the responsibility of the appropriate Local officer to become familiar with such state regulations. If you have any questions in this respect, contact your State Department of Labor which is generally located in the capital city.

It is the policy of IUE-CWA Division and the policy of CWA that Locals forward a copy of each of

the following to the IUE CWA Division and to the CWA Secretary-Treasurer's office:

A copy of the Local's LM-2, LM-3, or LM-4 report.

A copy of your IRS Form 990.

A copy of your Local's financial report/audit.

A copy of the Local’s current Bylaws

Please either mail a copy of your completed reports to the office of the Secretary-Treasurer or email it to [cwamail@cwa-unlon.org.](mailto:cwamail@cwa-unlon.org)

Also mail a completed copy of your reports to IUE-CWA Division, 2701Dryden Rd., Dayton, Ohio 45439 or (preferably) email them to: iuecompliance@iuecwa.org

NOTE: CWA and IUE-CWA Division do not require a copy of any state reports your Local may be obligated to file.

**CHECKLIST FOR FILING LM's and FORM 990's**

#### Copy of previous year audit, 990 and LM Report

* + Copy of Local Constitution and/or bylaws

#### Copy of Local meeting minutes

* + Bank statements from previous fiscal year
  + Copies of all deposit receipts, vouchers

• Ledger book, journal or ***preferably*** your electronic record of all recorded financial transactions for fiscal year

* + Copies of statements for all Financial Assets held, such as CD's, Money Market Accounts

**IMPORTANT: The Local’s President and Treasurer/Financial Officer are fiduciaries. Fiduciary is a legal term meaning that they are legally liable for the handling, accounting, reporting, and protection of the Union’s funds and assets. The timely and accurate filing of government forms including but not limited to the LM and 990 are a key part of this fiduciary responsibility. Please make sure that your forms are filed accordingly. If you have any questions or concerns, please contact your staff rep or the IUE-CWA Compliance Director at** [iuecompliance@iuecwa.org](mailto:iuecompliance@iuecwa.org) **for help.**