

Public Access to Nonprofit Tax Returns

Nonprofit tax returns contain crucial information that should easily be accessible to the public. Federal law requires the IRS to make nonprofit tax returns publically accessible, but only one-at-a-time or in bulk for a hefty fee. The IRS should publish tax forms online, in bulk, and in formats that are free to access and that computers can process.

Nonprofit Tax Returns Contain Important Information

- **Nonprofit tax returns contain valuable information essential for public oversight.** This includes information about a nonprofit's mission, programs, organizational structure, and some donor information.
- **The nonprofit sector is a *multitrillion dollar* industry whose tax benefits reduce federal revenues by billions of dollars.** The 1.6 million nonprofits registered with the IRS control [\\$4.5 trillion in assets](#); their tax exemptions amount to [\\$100 billion per year](#).
- **Public access to nonprofit tax returns has uncovered fraud.** For example, [a recent Washington Post](#) story identified more than 1,000 nonprofits that suffered a “significant diversion of assets.”

Legal Requirements

- **Federal law requires the IRS and nonprofits to make three years of tax returns publicly available, but the IRS does not make the returns available in bulk.** To access tax returns from the IRS, citizens must [request one form at a time](#) or [purchase them in bulk](#)—for [thousands of dollars](#). The IRS [does not release](#) in bulk [Schedule B](#) forms—tax returns that include the names, addresses and contributions of donors.
- **The IRS's publication methods are expensive and do not support analysis and reuse.** The IRS releases the forms as [TIFF files](#), which are [not easily processed by computers](#).
- **Some public interest groups acquire and post nonprofit tax returns in machine-readable, public-accessible formats,** but access can be costly. Also, [databases](#) are not always updated or comprehensive.

Two Fixes

- **[The Transparency in Government Act](#) mandates electronic filing and creates an online database.** It requires forms submitted to the IRS to be in electronic format. The files would be made publicly available in ways that are "searchable, storable, machine-readable, and downloadable."
- **The IRS's fiscal year 2014 [budget request](#) would mandate e-filing and create an online database.** This would allow the public to obtain tax returns directly from the IRS without using outside groups as intermediaries.
- **Precedent for e-filing and online publication.** The IRS already created an [online database](#) for the electronic filings of [527 political organizations](#).

Background

- **What is a Form 990?** A [990](#) is an annual tax return for tax-exempt groups that includes information about nonprofit finances, organizational structures, missions, and programs.
- **What is a Schedule B?** A Schedule B lists the names, addresses, and contributions of a nonprofit's donors.