HOW TO KEEP YOUR MICHIGAN NONPROFIT COMPLIANT

in Michigan guide.)

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1. Apply for exemption from state taxes

A. State income tax exemption

Once your organization receives your 501(c) determination letter from the IRS, it will automatically be exempt from paying corporate income tax.

B. State sales tax exemption

Michigan 501(c)(3) nonprofits are exempt from paying sales tax on purchases. You will need to submit a Certificate of Exemption to each vendor along with a copy of your IRS determination letter. For more information, access the Michigan.gov guidelines.

2. Annual Federal Returns for Tax-exempt organizations

The annual gross receipt amounts for an organization determine which form should be used to file the annual federal return.

'Gross receipt' is defined by the IRS as "the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses"

For gross receipts ≤$50,000 --- File 990-N
Gross receipts <$200,000 and total assets <$500,000 --- File 990- EZ
Gross receipts >$200,000 or Total assets >$500,000 --- File 990

For any questions, contact the IRS at

- (800) 829-3676 (Form related questions)
- (800) 829-1040 (general information)

FAQ

Q: When is form 990 due?
A: Form 990 is due on the 15th day of the 5th month after the taxable year of the organization comes to an end.

E.g. If the taxable year ends on Dec 31st, form 990 is due on May 15th.

> **NOTE:** If an organization fails to file form 990 for 3 consecutive years, it will automatically lose tax-exempt status.

If your organization expects to pay $500 or more for the year in taxes on unrelated business income, your organization must pay a quarterly estimated tax on the unrelated business income using Form 990-W.

3. Maintain a Registered Agent

Any nonprofit that has incorporated **must** have a registered agent who has an office address in Michigan. If your registered agent, or their office address, changes, you **must** file CSCL/CD-520 with the Michigan Department of Licensing and Regulatory Affairs so that your Articles of Incorporation may be updated.

If you fail to notify the Michigan Department of Licensing and Regulatory Affairs of this change, your corporation may be subject to termination.

4. File Periodic Reports

The Michigan Department of Licensing and Regulatory Affairs requires nonprofits to submit an annual report each year by October 1st. You may complete your annual report online through their online filing system.

Failure to file the appropriate reports may subject your organization to termination.

5. Apply for Permits and Licenses

The majority of Michigan nonprofits will not need a general business license at the

6. Register/Renew Charitable Registration

Charitable Michigan nonprofits that will solicit contributions must register with the Michigan Attorney General and renew their registration each year. You can submit your registration (using form CTS-01) by email or mail. If you wish, you may also Efile your form.

The **only** nonprofits that are excluded from this requirement are those who only use volunteers to solicit and will receive less than $25,000 each year. To get more information about exemptions, review the Charitable Organizations and Solicitations Act. If eligible, your organization can fill out a Request for Exemption form (CTS-03) and submit it to the Attorney General's Office.

To learn more about operating a charity in the state of Michigan, access the Attorney General's website.

7. Register with Michigan Treasury and Unemployment Insurance Agency

If your nonprofit will have employees, you will need to register with the Michigan Treasury and Unemployment Insurance Agency.

Registration is easy and can be completed online or you can mail in the Registration for Michigan Taxes form. You can also access contact details for the Michigan Business Tax department.

8. Comply with Public Inspection Rules

- Any supporting documents and attachments for the above 990 forms. However, you only need to include the *nature of the contribution* and the *amount contributed* for Schedule B.
- Official IRS paperwork showing your organization is considered to be tax-exempt.
- Your organization's application for exemption and all supporting documents submitted with your application (including Form 1023).

Your organization does NOT need to share the following documents and information with members of the public:

- Any portion of Form 990/990-EZ's Schedule B that identifies who contributors are.
- Anything considered to be an *unfavorable ruling*, which can include previous denials of tax-exempt status.
- Any additional information permitted to be withheld by the IRS, including things such as trade secrets, patents, etc.

> **Recommended:** Inform your employees about their rights and stay compliant by posting labor law posters in your workplace.

FAQ

Q: Can I charge members of the public for copies?

if your nonprofit has limited office hours due to the time of year, or you don't have a physical office at all, you should produce the documents within 14 days.

Q: Do I actually need to provide physical copies of the requested documents?
A: If a member of the public asks for copies of documents, whether in writing or in person, you are required to make them available.

> **NOTE:** We recommend that nonprofits make these documents available on their website. That way, anyone who might request copies of these documents can simply head to your website to view and/or download them. This will help your organization remain compliant and save time dealing with these requests personally.

To learn about forming a nonprofit, check out our How to Start a Nonprofit in Michigan guide.

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Man wearing a registered agent superhero suit underneath business suit

What is a Registered Agent?

7 wood cut-outs of business people with one cut-out raised higher. Caption: Be professional, stand out with a D B A.

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Donkeys along a fence with text above them stating 'protect your assets'

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