file this return is $10,000 fine plus one year in jail for the responsible officer. This penalty has never been enforced. In the opinion of some attorneys, it is seriously questioned whether this penalty, as a practical matter, could ever be enforced. Technically, to avoid harassment or any future changes in the law or its enforcement, it seems to be advisable to file Form 990-A. A major disadvantage of filing Form 990-A is that all the information becomes public record on file in the local District Director's office and any citizen of the United States may request that information and use it.

(e) Form 990-T - This report is a tax return. As explained earlier, a foundation may have taxable income. A foundation is taxed at corporate rates on unrelated business income for any amounts over the original $1000 deductions. If your foundation earns any funds which may be classed as unrelated business income, you must report these funds if they total more than $1000. You must also pay taxes at corporate rates on these amounts after you have deducted normal business deductions, exemptions and credits related to those earnings. In other words, because you are taxed at corporate rates, you are entitled to take all normal business and corporate deductions, etc.