FACT SHEET

REVISIONS TO FORM 990 DISCLOSURE PROCESS

In April 2026, the Treasury Department announced that the Internal Revenue Service (IRS) will revise the form 990 disclosure report for tax-exempt nonprofits. This effort is part of a broader campaign by the Trump Administration to address financial support for extremist activities through nonprofits.

Did you know?...

- The statement identified areas which will be the focus of the 990 revision process, including disclosure requirements on government contracts, government grants, and fiscal sponsorship arrangements from nonprofits.
- Future updates include expanded disclosure requirements for fiscal sponsorship agreements, including identifying project operators, fund flows between sponsor and sponsored entities, and governance/control structures.
- The Trump administration’s announcement also came after the IRS issued a Whistleblower Alert on April 17, 2026, calling on the public to report misuse, diversion, or fraudulent use of federal funds by tax-exempt organizations.

In the April 2026 announcement, Treasury Secretary Scott Bessent said, “We are ending the days of hiding fraud, abuse, and extremist activity behind complicated nonprofit arrangements. When bad actors misuse charitable structures, directors and officers should understand that transparency can lead to scrutiny, accountability, and liability under the law.”

Revisions To Form 990 Disclosure Process

Executive Summary

In April 2026, the Treasury Department announced that the Internal Revenue Service (IRS) will revise the Form 990 disclosure report for tax-exempt nonprofits. This announcement was touted by Treasury Secretary Scott Bessent as an effort to expose fraud, abuse, and extremist activity that the current disclosure requirements can help hide.

While this announcement did not have a timeline for implementation of the changes to the disclosures, financial analysts anticipate the changes will include increased disclosure requirements on government contracts, government grants, and fiscal sponsorship arrangements from nonprofits.

This effort is part of a broader campaign by the Trump Administration to address financial support for extremist activities through nonprofits. In January 2026, President Trump issued a memorandum aimed at directing federal agencies to make all efforts to identify funding networks for extremist or terrorist organizations, including nonprofit entities.

Additionally, this announcement comes after a House Ways and Means Committee investigation into an organization called Islamic Relief USA, which was exposed for funding entities connected to Hamas, and after the DOJ indicated the Southern Poverty Law Center for funneling funds to extremist groups including the KKK and the National Socialist Party of America.

Announcement

- In April 2026, the Department of the Treasury announced the IRS will revise the Form 990 tax return filed by numerous groups of tax-exempt organizations including 501(c)(3) and 501(c)(4) tax exempt entities.
    - The April 2026 announcement was a direction statement only, and the IRS typically publishes draft forms in late summer or early fall, so changes to the 990 processes are expected to occur in the 2027 or 2028 tax year.
- The statement identified areas which will be the focus of the 990 revision process, including increasing disclosure requirements on government contracts, government grants, and fiscal sponsorship arrangements from nonprofits.

Expected Updates Following The Announcement

- After this announcement, financial analysts anticipate a variety of focuses from future updates to the Form 990 disclosures, including:
    - Expanded disclosure requirements for fiscal sponsorship agreements, including identifying project operators, fund flows between sponsor and sponsored entities, and governance/control structures.
    - Requiring itemized reporting on grant schedules, including possibly by contract/grant rather than aggregated summaries, including the agency source and use of funds.

  - Lower financial reporting thresholds for loans, grants, and business transactions between an organization and insiders.
  - Detailing foreign activity including country-by-country grantee lists, stricter expenditure responsibility documentation, and possible vetting/due diligence narrative fields, rather than the current regulations which only require regional summaries for international programs.

Efforts to Address Extremism

- In the April 2026 announcement, Treasury Secretary Scott Bessent said, "We are ending the days of hiding fraud, abuse, and extremist activity behind complicated nonprofit arrangements. When bad actors misuse charitable structures, directors and officers should understand that transparency can lead to scrutiny, accountability, and liability under the law."
- This announcement is the latest effort by the Trump Administration to identify domestic terrorism and extremism networks. In September 2025, President Trump issued National Security Presidential Memorandum-7, "Countering Domestic Terrorism and Organized Political Violence," directing federal agencies to identify, investigate, and disrupt domestic terrorism including by examining organizations and financial networks connected to those activities, including nonprofits entities.
- Since the issuing of NSPM-7, the Trump Administration has continued to address federal resources to identify networks and prosecuting "domestic terrorist and related criminal actors," including requesting funding for the FY 2027 FBI budget to create a formal mission center to identify and address networks that could support domestic terrorism.
- The government continues to work to investigate specific nonprofits for terror ties, including:
  - In March 2026, the House Ways & Means Committee investigation led to Islamic Relief USA cutting ties with Islamic Relief Worldwide (which the committee alleged has connections to Hamas) after multiple IRS referrals.
  - This announcement also follows a Department of Justice indictment against the Southern Poverty Law Center charging the group with funneling more than $3 million to various violent extremist groups including the Ku Klux Klan, Aryan Nations, and National Socialist Party of America

Whistleblower Alert

- The Trump administration's announcement also came after the IRS issued a Whistleblower Alert on April 17, 2026, calling on the public to report misuse, diversion, or fraudulent use of federal funds by tax-exempt organizations.
  - IRS CEO Frank Bisignano described the alerts as "a new way for the IRS to spotlight high-risk areas" signaling an escalating enforcement posture toward nonprofits.