



Compliance with state payroll tax obligations is essential for nonprofits with employees. Quarterly returns are due on or before the last day of the month following each calendar quarter—April 30, July 31, October 31, and January 31. Late filings and payments may result in penalties and interest.

Are there any potential tax reporting obligations beyond federal and state tax reporting obligations?

Yes, some *local* governments require annual filings or fees for operating in their jurisdiction. Additionally, nonprofits that own real estate may need to apply for and periodically renew property tax exemptions.

If a nonprofit operates *internationally* or receives *foreign funding*, it may have to file additional forms, which can be found on the IRS website.

What reporting obligations do nonprofits have to their donors?

Nonprofits have tax reporting obligations to donors to ensure compliance with IRS and Massachusetts regulations while allowing donors to claim tax deductions.

For donations of \$250 or more, nonprofits must provide a written acknowledgment that includes the organization's name, the donation amount, or a description (if non-cash), and a statement on whether any goods or services were provided in exchange. *Without this acknowledgment, donors cannot claim a tax deduction!*

If a donor receives something in return for a contribution over \$75, the nonprofit must disclose the donation amount, a good faith estimate of the goods or services received, and a statement clarifying that only the excess amount is tax-deductible.

There are further requirements for donations that are in-kind or above \$500. Check with the IRS website if you have questions about specific types of donations.

Additionally, nonprofits must comply with Massachusetts reporting rules. Massachusetts nonprofits must provide a written acknowledgement for all donations of \$250 or more. The acknowledgement must include: (1) the amount of the contribution and (2) a statement that no goods or services were provided in exchange for the donation (if applicable).



Looking for legal help?

Contact the following legal organizations to see if you qualify for free legal assistance!

Legal Food Hub
legalfoodhub.org
legalfoodhub@clf.org
1-844-LAW-GROW (1-844-529-4769)

Northeastern University Community Business Clinic
<https://law.northeastern.edu/experience/clinics/community-business/>
617-373-6435

The “TAX REPORTING OBLIGATIONS: UNDERSTANDING FEDERAL AND MASSACHUSETTS TAX FILINGS” Q&A was created as a collaboration between Legal Food Hub and the Northeastern University Community Business Clinic Spring 2025 cohort.

