

# Reporting Requirements of Tax-Exempt Owners of Disregarded Entities

## Announcement 99-102

On January 13, 1997, final regulations under section 7701 of the Internal Revenue Code pertaining to the classification of certain business organizations under an elective regime were published in the Federal Register. See 26 C.F.R. 301.7701-1 *et seq.* These regulations provide that an entity wholly owned by a single owner may be disregarded as an entity separate from the owner. When an entity is disregarded as separate from its owner its operations are treated as a branch or division of the owner. Therefore, an owner that is exempt from taxation under section 501(a) of the Internal Revenue Code must include, as its own, information pertaining to the finances and operations of a disregarded entity in its annual information return. Accordingly, the instructions to the 1999 Forms 990, 990-EZ, 990-T, and 990-PF will be modified.

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