

UPDATE—IRS Form 5578

All Christian schools, including preschools, are required to publicize at least once annually a statement of nondiscriminatory policy as related to students. For schools that file Form 990 annually with the IRS, this nondiscriminatory policy is reported on Schedule E (Form 990 or 990-EZ) rather than on the Form 5578. However, any school exempt from filing the annual 990, including church schools, must submit IRS Form 5578 to report the publicizing of the school's nondiscriminatory policy as related to students.

Good news! Until the present time, the IRS accepted only two methods of publicizing the nondiscriminatory policy—a newspaper of general circulation **or** utilizing broadcast media. However, recent guidance provided by the IRS allows for a third option:

The school may display a notice of its racially nondiscriminatory policy on its primary publicly accessible Internet homepage at all times during its taxable year (excluding temporary outages due to website maintenance or technical problems) in a manner reasonably expected to be noticed by visitors to the homepage. The following notice, which is identical to the notice that may be used to satisfy the publicity requirement using a newspaper of general circulation that serves all racial segments of the community, is acceptable.

You can get the full text of the recent IRS guidance at <https://www.irs.gov/pub/irs-drop/rp-19-22.pdf>. Please note that there are minimum requirements for statements made on the school's website. If you choose to use this option, please be sure to meet all requirements for using the school's Internet homepage to publicize the nondiscriminatory policy. See below:

A publicly accessible homepage is one that does not require a visitor to input information, such as an email address or a username and password, to access the homepage. Factors to be considered in determining whether a notice is reasonably expected to be noticed by visitors to the homepage include the size, color, and graphic treatment of the notice in relation to other parts of the homepage, whether the notice is unavoidable, whether other parts of the homepage distract attention from the notice, and whether the notice is visible without a visitor having to do anything other than simple scrolling on the homepage. A link on the homepage to another page where the notice appears, or a notice that appears in a carousel or only by selecting a dropdown or by hover (mouseover) is not acceptable. If a school does not have its own website, but it has webpages contained in a website, the school must display a notice of its racially nondiscriminatory policy on its primary landing page within the website in a manner that satisfies all other requirements of this subsection 1(c) to use this publication method.

In addition, the IRS provides the following draft for a satisfactory statement:

Notice of Nondiscriminatory Policy As To Students

The (name) school admits students of any race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national and ethnic origin in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs.

Please remember that choosing this Internet homepage option does not exempt the school from the requirement to file IRS Form 5578 annually; this is simply a third method for satisfactory publicizing the nondiscriminatory statement as to students. Whichever method you choose, please be sure to review the publicizing requirements and annually file IRS Form 5578. Schools submitting an annual 990 now have a third method to satisfy the publicizing of the nondiscriminatory policy to be reported on Schedule E of the annual IRS 990.

Since most schools can properly implement this third method on a school website, the school will no longer be required to spend money on either of the other methods.