



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

March 12, 2015

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MEMORANDUM FOR ALL EXEMPT ORGANIZATIONS RULINGS AND AGREEMENTS
EMPLOYEES

FROM: Stephen A. Martin /s/ *Stephen A. Martin*
Acting Director, Exempt Organizations, Rulings and Agreements

SUBJECT: Streamlined Processing Guidelines for All Cases

To assist in the processing and review of applications, Exempt Organizations (EO) Determinations developed a streamlined process based on Lean Six Sigma Organization (LSSO) concepts.

The process was piloted in October 2013 and expanded to all EO application case processing in Interim Guidance Memoranda TEGE-07-0214-02, *Streamlined Processing Guidelines for All Cases*, dated February 28, 2014 (reissued as TEGE-07-0215-0005, February 27, 2015), and TEGE 07-0514-0014, *Streamlined Processing Guidelines for Cases Extended to All EO R&A Employees*, dated May 23, 2014. This memorandum combines and revises the streamlined procedural guidance provided in these two memoranda and, therefore, supersedes the procedures listed in TEGE-07-0215-0005 and TEGE-07-0514-0014.

The streamlined process is designed to reduce the burden on both the applicant and the IRS when additional factual information is needed to complete application processing using the following guidelines:

- a. If a specialist determines a case cannot be closed on its merits, the specialist will determine whether the streamline questions in Attachment A can be used to secure sufficient information to make a final determination in the case. (Note: Some streamline questions contain instructions which limit their use; additional streamline questions may be developed and used in the future.)
- b. If so, the specialist will use Letter 1312, *Additional Information Request*, when corresponding with organizations, inserting questions from Attachment A, where appropriate.
- c. If the questions in Attachment A cannot be used on their own to secure sufficient information to complete processing of the case, then the specialist may use the questions in conjunction with other Letter 1312 pre-written questions or compose his or her own questions when necessary to make a determination.

- d. If the questions would not provide any of the necessary information to complete processing of the case, then the specialist should follow the normal procedures for developing the case, including the use of the Letter 1312 pre-written questions or individually composed questions.

The content of this memorandum will be incorporated into the affected IRM sections listed at the top of the memorandum.

Please contact Manager, EO Determinations Area 2 with any questions.

cc.www.irs.gov

Attachment A

Penalties of Perjury Declaration

Include the following declaration with your response, signed and dated by an officer, director, trustee, or other governing body member (not an authorized representative). You can sign and date the statement below or reproduce it in the body of your signed response. The declaration must accompany responses per Revenue Procedure [20XX-4].

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

SIGN HERE

Date

Organizing document downloaded from state website or from prior approved application for exemption (do not number question)

For Informational Purposes Only: You did not include a complete copy of your organizing document as required. We enclosed a copy of your organizing document from [your state of incorporation's website/your previous application for tax-exempt status, which is open for public inspection,] with this letter and made it part of your file. If you believe this is not a correct copy of your organizing document, please let us know with your response to this letter and submit a copy of the correct document.

Complete organizing document missing (must secure if not in file)

(Exception: 501(c)(3) corporations where you can confirm legally formed on state website AND appears to otherwise qualify for favorable determination)

[Instructions: Must secure organizing document for ALL Form 1024 applications if missing. Only include information for specific type of organization – if known]

You did not include a complete copy of your organizing document with your application as required. Please submit a complete copy of your original organizing document and any amendments that show proof of [filing/adoption/execution]. See [page 7 of the *Instructions for Form 1023*] [page 3 of the *Instructions for Form 1024*] at www.irs.gov for more details.

- [[Because/If] you are a corporation, your Articles of Incorporation (and all amendments) must show proof of filing with your state of incorporation. We cannot accept a copy that only indicates it was sent to or received by the state. You may need to contact your state of incorporation if you can't locate a copy of your organizing document. If you don't have a copy showing proof of filing, you may submit a signed declaration with your document.]
- [[Because/If] you are an unincorporated association, your Articles of Association, Constitution, or other creating document and any amendments must show the specific date they were adopted and must be signed by more than one person. If your copy is unsigned or not dated, you can submit a signed declaration or other evidence of adoption with your document which indicates the date of adoption.]

- [[Because/If] you are a trust, your trust agreement and any amendments must be signed and dated by your trustee(s) and properly executed according to the laws of your state. You should also indicate the exact date and amount of initial funding. If your copy is unsigned or not dated, you can submit a signed declaration or other evidence of execution with your document which indicates the date of execution.]

Note: You may be required to amend your document if we determine it does not meet the organizational test requirements of your requested subsection.

501(c)(3) Corporations Only - Do not have complete organizing document BUT able to confirm legally formed corporation on state website AND appears to otherwise qualify for favorable determination under IRC 501(c)(3)

You did not submit a complete copy of your Articles of Incorporation (or other state required organizing document) with your application. Please review your organizing document and any amendments to it. If your document does not meet the following requirements, you must amend your document to meet them. Reminder: As a corporation, you must file any amendments with the appropriate state agency.

Your organizing document must:

- Limit your purposes to one or more purposes described in Section 501(c)(3) (purpose clause)
- Not expressly empower you to engage, other than as an insubstantial part of your activities, in activities that do not further one or more of those purposes
- Not empower you to directly or indirectly participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office
- Permanently dedicate your assets for Section 501(c)(3) purposes (dissolution clause)

The following is an example of an acceptable purpose and dissolution clause:

Said organization is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations described under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by a court of competent jurisdiction in the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

See page 24 of Publication 557, *Tax-Exempt Status for Your Organization*, at www.irs.gov for more details and examples.

Check each box and sign below to verify your organizing document (or any amendments to it) meets the requirements of Section 501(c)(3). Note: You must check all four boxes to meet these requirements.

- Our organizing document limits our purposes to one or more purposes described in Section 501(c)(3).**
- Our organizing document does not expressly empower us to engage, other than as an insubstantial part of our activities, in activities that do not further one or more of those purposes.**
- Our organizing document does not empower us to directly or indirectly participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office.**

[Non-cy pres states]

- Our organizing document permanently dedicates our assets for Section 501(c)(3) purposes.]**

[Cy pres states]

- The dissolution of our assets is permanently dedicated for Section 501(c)(3) purposes by operation of state law OR our organizing document permanently dedicates our assets for Section 501(c)(3) purposes.]**

Note: You don't need to submit a copy of your organizing document or any amendments to it.

X
SIGN HERE

No evidence that submitted organizing document was properly executed and adopted

Your organizing document does not show that it was [filed with your state of incorporation/ appropriately adopted/executed]. To determine your legal date of formation, please enter the date your organizing document was [filed/adopted/executed] below. If it was not appropriately [filed/adopted/ executed], please do so and then complete the statement. See [page 7 of the *Instructions for Form 1023*] [page 3 of the *Instructions for Form 1024*] at www.irs.gov for information on organizing documents.

Note: You only need to fill in your date of formation; you don't need to submit a copy of the [filed/signed/executed] document.

Our date of formation is _____ (mm/dd/yyyy), the date our organizing document was appropriately [filed/adopted/executed].

Organizing document does not meet organizational test for IRC Section 501(c)(3)

[Instruction: Use only if organization appears to otherwise qualify for favorable determination and no other organizing document issues need to be addressed such as stock provisions or empowering political campaign participation.]

Your organizing document does not meet the organizational test of IRC Section 501(c)(3). To meet these requirements, you must amend your organizing document to include [an] adequate

[purpose/dissolution/ purpose and dissolution] clause[s] then sign below to verify you completed the amendment. The following is an example of an acceptable purpose [and dissolution] clause:

[Said organization is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations described under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.]

[Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by a court of competent jurisdiction in the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.]

See page 7 of the *Instructions for Form 1023* at www.irs.gov for more details and examples of specific language that meets the requirements. [A corporation must file an amendment with the appropriate state agency.][An unincorporated association’s amendment must have two signatures and show the date it was adopted.][A trust amendment must be signed and dated by a trustee.]

Note: You don’t need to submit a copy of your amendment.

We amended our organizing document as indicated to include the above provision[s] or other substantially similar wording that meet[s] the requirements of Section 501(c)(3).

X
SIGN HERE

Owe Additional User Fee

The user fee you submitted with your application is insufficient. You submitted a user fee of \$[amount submitted]. [The user fee for organizations that expect to receive \$10,000 or less in annual gross receipts is \$400.] [The user fee for organizations that expect to receive over \$10,000 annually is \$850.] We can’t process your application unless you send us an additional \$[amount needed] by check or money order made payable to “United States Treasury.”

Fiscal year end unclear or missing

In the space below, please state the month your annual accounting period ends. For example, if you use a calendar year for your accounting period, enter “December.” If you don’t enter a month, we’ll assume your fiscal year ends in [Insert assumed FYE (if no other information in case file, enter December)][as indicated in your bylaws/financial information].

Our annual accounting period ends the last day of _____ (Enter month).

Application Signature Missing or Not Authorized Person

Your application was not signed by an authorized individual. Please have an authorized individual (an officer, board member, director, or other authorized person) sign the enclosed page of your application.

Foundation Status Appears Incorrect

[Instruction: Use only for PF to (vi)/(a)(2), between (vi) and (a)(2), or (a)(3) to (vi)/(a)(2); do not use for PC to PF, or switching any (a)(1) other than (vi) to (a)(2).]

It appears you may have selected an incorrect [private foundation/public charity] status.

Note: All Section 501(c)(3) organizations are assigned a foundation status, either as a private foundation or a public charity. There are several types of private foundation and public charity statuses, often based on your sources of revenue. See Publication 557 at www.irs.gov for details on the different foundation statuses.

Please check the appropriate box and sign below.

- I would like the IRS to choose my foundation status.** (Note: We'll select the best status for which you qualify.)
- I would like to pursue my requested classification under Section [insert requested section]. I meet the requirements of that section because** (provide explanation; attach additional sheets as necessary):

X _____
SIGN HERE

War Veterans' Organization - Deductibility

You did not complete Schedule K, Item 1 of Form 1024 regarding your membership composition. To receive tax deductible contributions under IRC Section 170(c)(3) as a war veterans' organization, at least 90 percent of your members must be war veterans. In addition, substantially all your other members must be veterans (but not war veterans); cadets; or spouses, widows, or widowers of war veterans, veterans, or cadets. "War veterans" are persons, whether or not present members of the U.S. Armed Forces, who have served in the U.S. Armed Forces during a period of war (including the Korean and Vietnam conflicts, the Persian Gulf War, and the period beginning on the date of any future declaration of war by the Congress). You can find more information on membership requirements as well as a complete listing of the covered periods in Publication 3386, *Tax Guide-Veterans' Organizations*. Form 1024, Schedule K may help in calculating your membership composition. You can find Publication 3386 and Form 1024 at www.irs.gov.

Please check the appropriate box and sign below.

- Yes, at least 90 percent of our members are war veterans and substantially all of our other members are veterans; cadets; or spouses, widows, or widowers of war veterans, veterans, or cadets.**
- No, at least 90 percent of our members are NOT war veterans and/or substantially all of our other members are NOT veterans; cadets; or spouses, widows, or widowers of war veterans, veterans, or cadets.**
- We don't want to be considered for tax deductible contributions as a war veterans' organization.**

We completed and are submitting Schedule K for you to determine whether we meet the membership requirements as a war veterans' organization.

X
SIGN HERE

Rev. Proc. 2014-11, Section 4 – Streamline (Filing Requirements Unclear)

[(Include if pushing to 97) Based on your legal date of formation, your exempt status was automatically revoked for failure to file a required annual information return or notice for three consecutive years.]

We were unable to determine whether you qualify for streamlined retroactive reinstatement under Section 4, Rev. Proc. 2014-11. To qualify for streamlined retroactive reinstatement, you must have been eligible to file either Form 990-N, *e-Postcard*, or Form 990-EZ for each of the three years you failed to file a required annual return. You were automatically revoked for tax years [Insert 3 years for which organization was automatically revoked]. Please check the appropriate box and sign below.

You can find information on Form 990 filing eligibility at www.irs.gov (search words “Which forms do exempt organizations file”).

- Yes, we were eligible to file either Form 990-N or Form 990-EZ for the years of our automatic revocation.**
- No, we were not eligible to file either Form 990-N or Form 990-EZ for the years of our automatic revocation.** (Note: We recommend you contact us to discuss your effective date of reinstatement.)

X
SIGN HERE

Rev. Proc. 2014-11, Section 5 – Applied within 15 Months

[(Include if pushing to 97) Based on your legal date of formation, your exempt status was automatically revoked for failure to file a required annual information return or notice for three consecutive years.]

To request retroactive reinstatement under Section 5, Rev. Proc. 2014-11, review the specific requirements of Rev. Proc. 2014-11 at www.irs.gov (search words “Rev Proc 2014-11”) and complete A and B or check C for reinstatement as of your post mark date of application, then sign below.

A. We filed our paper returns for [Insert 3 years for which organization was automatically revoked] and for all other years after our automatic revocation. (Check if completed.)

B. Briefly describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in at least one of the three years of revocation and the steps you have taken or will take to avoid or mitigate future failures to file timely returns or notices. (Attach additional sheets as necessary.)

Note: The following factors generally weigh in favor of finding reasonable cause (with no single factor being either necessary or determinative):

- You relied on erroneous written information from the IRS that you were not required to file a return or notice.
- Events beyond your control made it impossible for you to file for the year.
- You took significant steps to avoid a failure to file.
- You have taken significant steps to avoid a failure to file by attempting to remove or prevent a foreseeable impediment to filing.
- You acted as promptly as possible to remove or correct the cause of the reporting failure.
- You have implemented safeguards to ensure future filing compliance.
- You have an established history of complying with your reporting requirements under the Internal Revenue Code.

C. We accept our postmark date of application as our effective date of exemption.

X
SIGN HERE

Rev. Proc. 2014-11, Section 6 – Applied after 15 Months

[(Include if pushing to 97) Based on your legal date of formation, your exempt status was automatically revoked for failure to file a required annual information return or notice for three consecutive years.]

To request retroactive reinstatement under Section 6, Rev. Proc. 2014-11, review the specific requirements of Rev. Proc. 2014-11 at www.irs.gov (search words “Rev Proc 2014-11”) and complete A and B or check C for reinstatement as of your post mark date of application, then sign below.

A. We filed our paper returns for [Insert 3 years for which organization was automatically revoked] and for all other years after our automatic revocation. (Check if completed.)

B. Briefly describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in each of the three years of revocation and the steps you have taken or will take to avoid or mitigate future failures to file timely returns or notices. (Attach additional sheets as necessary.)

Note: The following factors generally weigh in favor of finding reasonable cause (with no single factor being either necessary or determinative):

- You relied on erroneous written information from the IRS that you were not required to file a return or notice.
- Events beyond your control made it impossible for you to file for the year.
- You took significant steps to avoid a failure to file.
- You have taken significant steps to avoid a failure to file by attempting to remove or prevent a foreseeable impediment to filing.
- You acted as promptly as possible to remove or correct the cause of the reporting failure.
- You have implemented safeguards to ensure future filing compliance.
- You have an established history of complying with your reporting requirements under the Internal Revenue Code.

C. We accept our postmark date of application as our effective date of exemption.

X

SIGN HERE