

IRM PROCEDURAL UPDATE

DATE: 08/28/2013

NUMBER: WI-21-0813-1403

SUBJECT: Changes Impacting Auto-Revocation and Disclosure Procedures

AFFECTED IRM(s)/SUBSECTION(s): 21.3.8

CHANGE(s):

IRM 21.3.8.3.8.1 - Specified in (1) which TC 59X transactions would not prevent auto-revocation, updated the auto-revocation time frame from three years and six months to three years and one month, replaced the existing Note with one explaining that an organization at risk of losing its exemption is entitled to request an extension on its third year return, and added an Example illustrating the impact on the effective date of auto-revocation when an organization fails to file its third year return timely if the return had an extended due date; added (3) with cross-references to IRM 21.3.8.12.24.4, "Special Procedures for Organizations That Require an IDRS Update to Submit the Form 990-N Timely," and to IRM 21.3.8.12.6.1, "Responding to Calls From or About Organizations in Status 97."

1. Per the Pension Protection Act of 2006 (PPA), if an organization fails to submit the annual electronic notice (Form 990-N) or fails to file Form 990, Form 990-EZ, or Form 990-PF for three consecutive years, its tax-exempt status is revoked as of the submission/filing due date of the third year. The system will put the organization in status 97 if there has been no TC 150 (or other satisfying transaction, i.e., TC 59X other than 592, 597, or 598) posting for three years and one month.

NOTE: Organizations that are at risk of having their exemption automatically revoked for failure to file for three consecutive years are entitled to request an extension on the third year's return. However, should they request an extension and then fail to file the return by the extended due date, their revocation is effective as of the due date of the third year's return.

EXAMPLE: As of June 1, 2013, an organization has not filed its annual information return for 201012, 201112, and 201212. However, the 2012 Form 990 module shows that there is a TC 460 for an approved extension until 8-15-13, and the current status code on IDRS is 01. If the organization files its return by the approved extension due date, then the return is not late and the organization's

exemption will not be revoked. However, if the organization does not file by the extended due date, then the organization's tax-exempt status will be revoked effective 5-15-13 (which is the due date of the third year's return without regard to the extension of time for filing date).

2. If you are researching an organization with EO filing requirements other than 990-06, 990-13, or 990-14 **AND** you are speaking to an authorized caller, research BMFOLI to ensure that the organization has been filing returns as required by the PPA of 2006. If the organization has not been compliant, advise the caller accordingly.

NOTE: If BMFOLI does not indicate that a return has posted within the past three fiscal periods but the caller states that a return was filed for at least one of those periods, transfer the caller to an EO account assistor so that OL-SEIN research can be performed.

REMINDER: If the organization is a subordinate whose financial information is included in a group return, you will not be able to verify the organization's compliance using BMFOLI alone. Research BMFOLT for a TC 590-14, which indicates that a group return including the subordinate's information was filed, thus satisfying the organization's filing requirement.

3. If the caller's organization is at risk of auto-revocation because the due date of the third year's return is approaching and the organization failed to file for the previous two years, refer to IRM 21.3.8.12.24.4, "Special Procedures for Organizations That Require an IDRS Update to Submit the Form 990-N Timely." If the caller believes his/her organization's exemption was revoked in error, see IRM 21.3.8.12.6.1, "Responding to Calls From or About Organizations in Status 97."

IRM 21.3.8.4.2.3(6) - Revised the information about returns under extension to reflect the Chief Counsel's determination that extensions are protected under IRC 6103.

6. The majority of requests for return disclosure involve Form 990, Form 990-EZ, and Form 990-PF. However, the Pension Protection Act (PPA) of 2006 opened additional EO returns to public inspection (Forms 990-T filed by 501(c)(3) organizations to report UBIT after August 17, 2006, and Forms 5227 (except the Schedule A) filed for tax years beginning after December 31, 2006). The PPA of 2006 also brought about the requirement to submit the e-postcard Form 990-N for tax years beginning after December 31, 2006 (the information from which is available on the Internet) for small organizations whose gross receipts are not large enough to require the filing of a Form 990 or Form 990-EZ. Refer to the following chart for special circumstances when addressing incoming telephone

inquiries regarding the filing of these forms, especially when neither IDRS nor OL-SEIN research indicates that a return has been filed (also refer to the information in (7) and (8) below):

REMINDER: Only account assistors have access to OL-SEIN. If there is any indication that a return has been filed (e.g., based on a comment from the caller) and the return is not showing on IDRS, transfer the caller to an account assistor for additional research.

If	Then
Form 990/990-EZ, filing requirement code is 2 NOTE: This applies to tax years that ended on or before December 31, 2006, only.	Advise the caller a return is not required to be filed under IRC section 6033(a)(3).
A TC 590 is present without a Closing Code or with a Closing Code 075	Advise the caller a return is not required to be filed under IRC section 6033(a)(3).
A TC 590 is present with a Closing Code 014	Advise the caller the organization was included as part of a group return, and is not required to file a separate return.
A TC 599 is present with Closing Code 017	Advise the caller the return is not available at this time and ask him/her to wait at least two months before submitting a request.
A TC 460 extension to file and entity filing requirement of 1 is present	Advise the caller that there is no return available and that disclosure laws prohibit you from providing additional information.
A TC 150 with DLN blocking series 400-479 is present (dummy CP 140)	Advise the caller a return is not required to be filed under IRC section 6033(a)(3).
A TC 150 with Doc Code 89	Advise the caller that a Form 990-N was submitted for the period and that the information is available on the IRS Web site.
A TC 150 for MFT 67 and the organization is a section 527 political organization	Advise the caller that the Form 990 is available on the IRS Web site. See IRM 21.3.8.14, "Section 527 Organizations." Refer to (8)(a).
No TC 150 on IDRS or return on OL-SEIN for the period requested and no exemption from filing a return for that period	Advise the caller that there is no return available and that disclosure laws prohibit you from providing additional information.

NOTE: IRM 21.3.8.3.4.1 and subsequent subsections provide guidance on obtaining disclosable copies of filed EO returns.

IRM 21.3.8.12.6.1 - Clarified in the Caution in the renumbered (3) that it may be necessary to check the auto-revocation date on the Internet before disclosing information on an organization that had been auto-revoked at least once before; included a procedure in the renumbered (4) for government instrumentalities requesting Letter 4076C; added a Note to the renumbered (10) not to prepare a second HQ analyst referral if TRAC or IDRS shows that an action was taken subsequent to the first referral or if the assistor can determine that the auto-revocation is legitimate.

1. The response given to or about organizations showing status 97 on IDRS is dependent on whether the organization's name has been posted to the IRS Web site as an organization whose exemption was automatically revoked for failure to file the appropriate information return or notice for three consecutive years (this listing is updated the second Monday of each month during which auto-revocation notices are issued).

NOTE: See IRM 21.3.8.5.1.3.1, "Verification of Tax Exempt Status and Foundation Classification," if the organization has been organized and operated for more than three fiscal periods prior to the call and has not filed an information return or submitted an e-Postcard for three consecutive years for periods that began after December 31, 2006, unless it meets one of the exceptions to the filing requirements imposed by the Pension Protection Act of 2006 (e.g., churches) but isn't in status 97 on IDRS.

2. Respond to a caller's direct questions about issues relating to auto-revocation and reinstatement with specific and complete answers. However, if the caller does not have specific questions, but rather makes a general statement about having received a revocation notice or asks a general question about what the organization should do, inform the caller:
 - o The organization's exemption was revoked for failure to file the required return or e-Postcard for three consecutive years.
 - o The organization must apply for exemption and pay the required user fee if it intends to operate as an exempt organization; otherwise it may be required to file annual taxable returns.
 - o The IRS Web site contains a lot of information about auto-revocation and the reinstatement process. If the caller has access to the Internet, he should review that material and call us back if he has specific questions about what he read.

NOTE: If the caller does not have access to the Internet and the organization intends to apply for reinstatement of its exemption, you must

offer to order for the caller the appropriate application form, Form 8718, if applicable, and Pub 557.

REMINDER: If the caller asks specific follow-up questions based on the general information you share, you must address those questions.

3. Use the following chart to determine to what extent you may reveal information about an organization's revocation:

NOTE: Special circumstances (e.g., disasters such as Hurricane Sandy) may occasionally require you to deviate from these procedures. Your manager/lead will notify you when special procedures apply, and the relevant information will be added to the TEGE Research Portal.

CAUTION: The disclosure dates for authorized callers in the table below are based on the best estimate of the mail out date for that cycle's auto-revocation notices (CP 120-A). If an authorized caller makes it clear that the organization has already received a CP 120-A for the current cycle, then treat the organization as revoked *even if the call is prior to the disclosure dates shown below*. Also, the decision to disclose may need to be based on whether the organization has already been auto-revoked at least once before and is already named on the Web site's list of auto-revoked organizations. It may be necessary to check the auto-revocation date on the Web before responding to the caller.

EXCEPTION: If you get a call (from an authorized or unauthorized party) from or about a college or university in status 97, tell the caller that additional research must be performed before we can provide information about their exempt status, filing requirements, need to re-apply, etc. Prepare a Form 4442 referral to your lead, who will forward the information via email to the HQ analyst. The HQ analyst will consult with EO HQ, who will provide a response for the call back to the organization/third party.

If the status 97 date is	Then you may not reveal the automatic revocation status TO AN AUTHORIZED CALLER until on or after	Then you may not reveal the automatic revocation status TO AN UNAUTHORIZED CALLER until on or after
201111 and 201112	February 8, 2012	N/A
201201	February 29, 2012	March 12, 2012
201202	April 4, 2012	April 9, 2012
201203	May 2, 2012	May 14, 2012
201204	May 30, 2012	June 11, 2012
201205	July 5, 2012	July 9, 2012
201206	August 1, 2012	August 13, 2012

201207	August 29, 2012	September 10, 2012
201208	October 3, 2012	October 8, 2012
201209	October 31, 2012	November 12, 2012
201210	November 28, 2012	December 10, 2012
201211 and 201212	January 30, 2013	February 11, 2013
201301	February 27, 2013	March 11, 2013
201302	April 3, 2013	April 8, 2013
201303	May 1, 2013	May 13, 2013
201304	May 29, 2013	June 10, 2013
201305	July 3, 2013	July 8, 2013
201306	July 31, 2013	August 12, 2013
201307	August 28, 2013	September 9, 2013
201308	October 2, 2013	October 14, 2013
201309	October 30, 2013	November 12, 2013
201310	November 27, 2013	December 9, 2013

4. Use the following chart to address the caller's issue depending on whether the organization's revocation status may be revealed or not:

If the caller's issue is	Reveal the revocation status?	Then
Affirmation of exemption/deductibility of contributions NOTE: See below if the organization claims to be a government instrumentality.	Yes	For authorized callers: Explain to the caller that the organization's exemption was automatically revoked for failure to file the required annual return or notice for three consecutive years and that the organization may be responsible for filing taxable returns from the date the revocation was effective until such time as the organization applies for and receives formal exemption. (See paragraph 5 below if the caller states that the revocation is in error.) For unauthorized callers: Inform the caller that the organization's exemption was automatically revoked for

		failure to file the required annual return or notice for three consecutive years. Refer the caller to the list of revoked organizations and related information on the Web.
<p>Affirmation of exemption/deductibility of contributions</p> <p>NOTE: See below if the organization claims to be a government instrumentality.</p>	No	<p>For authorized callers:</p> <p>Inform the caller that our records indicate that the organization is slated to have its exemption revoked in the next monthly cycle for failure to file the required annual return or notice for three consecutive years. Direct the caller to the Automatic Revocation FAQs on the IRS Web site. DO NOT PREPARE AN AFFIRMATION LETTER. (See paragraph 5 below if the caller states that the revocation is in error.)</p> <p>For unauthorized callers:</p> <ul style="list-style-type: none"> ○ Apologize to the caller and explain that we must perform additional research to respond to the inquiry. ○ Prepare a Form 4442 referral to the TEGE Correspondence Unit (fax 513-263-4330) and tell the caller he/she will be contacted within 60 days.
Termination of the organization (if the organization terminated at some point before the call)	Yes	<p>Delete the taxable return filing requirements.</p> <p>NOTE: Normal authentication procedures may not be able to be followed because terminated</p>

		organizations cannot have "current" officers. Accept the information from the caller if the she/he was among the last officers of the organization or if she/he indicates that no former officers are available to contact the IRS.
Termination of the organization (if the organization terminated at some point before the call)	No	<ul style="list-style-type: none"> ○ Inform the caller that our records indicate that the organization is slated to have its exemption revoked in the next monthly cycle for failure to file the required return for three consecutive years and that the organization should be receiving information in the mail. Direct the caller to the Automatic Revocation FAQs on the IRS Web site. ○ Delete the taxable return filing requirements. <p>NOTE: Normal authentication procedures may not be able to be followed because terminated organizations cannot have "current" officers. Accept the information from the caller if the she/he was among the last officers of the organization or if she/he indicates that no former officers are available to contact the IRS.</p>
Termination of the organization (if the organization has not yet terminated and is asking about the procedure)	Yes	Transfer the caller per the TTG.
Termination of the	No	Inform the caller that our

<p>organization (if the organization has not yet terminated and is asking about the procedure)</p>		<p>records indicate that the organization is slated to have its exemption revoked in the next monthly cycle for failure to file the required return for three consecutive years and that the organization should be receiving information in the mail. Direct the caller to the Automatic Revocation FAQs on the IRS Web site.</p>
<p>Name change for the organization</p>	<p>Yes or no</p>	<p>Instruct the caller to send the name change documentation to:</p> <p>TEGE Correspondence Unit P.O. Box 2508, Room 4024 Cincinnati, OH 45201</p> <p>The information may also be faxed to 513-263-4330. See IRM 21.3.8.9.2, "Name Changes - EO and FSLG," for information on name change documentation.</p> <p>EXCEPTION: If the organization is going to submit a new application for exemption or it is going to file delinquent Form 990 series returns, then it should include the name change documentation with those filings rather than sending the name change information to the Correspondence Unit.</p>
<p>Address change for the organization</p>	<p>Yes</p>	<ul style="list-style-type: none"> ○ Update the address if appropriate. ○ If the caller wants a letter showing that the

		address was changed, prepare Letter 4163C (No Record of Exemption of Organization Letter).
Address change for the organization	No	<ul style="list-style-type: none"> ○ Update the address if appropriate. ○ If the caller wants a letter showing that the address was changed, inform the caller that our records indicate that the organization is slated to have its exemption revoked in the next monthly cycle for failure to file the required return for three consecutive years and that no letter can be prepared at this time. However, the organization should be receiving information in the mail. Direct the caller to the Automatic Revocation FAQs on the IRS Web site. DO NOT PREPARE AN AFFIRMATION LETTER.
Attempted to submit Form 990-N or to e-file an EO return and received a reject message	Yes	Explain to the caller that the organization's form rejected because their exemption was automatically revoked for failure to file the required return for three consecutive years and that the organization may be responsible for filing taxable returns from the date the revocation was effective until such time as the organization applies for and receives formal exemption.

Attempted to submit Form 990-N or to e-file an EO return and received a reject message	No	Inform the caller that the form rejected because our records indicate that the organization is slated to have its exemption revoked in the next monthly cycle for failure to file the required return for three consecutive years. Direct the caller to the Automatic Revocation FAQs on the IRS Web site.
Request for a copy of the organization's previously-issued revocation notice CP 120-A	Not applicable	Inform the caller that these notices are computer generated and that it is not possible to regenerate individual notices.
Request for Letter 4076C, <i>Information Letter - Federal Tax Status of Governmental Entity</i> , AND the entity displays employment code F, G, T, or A on IDRS.	Yes or no	Prepare a Form 4442 with the relevant contact information and fax it to the FSLG CPM Group at 855-243-4014. Tell the caller to expect the letter or other contact within 30 days.

5. Use the following chart if the caller states that his/her organization should not have been revoked for failure to file:

If	And	Then
The caller states that the organization should not have been revoked because they have a letter stating that they are not required to file an EO return	EDS/TEDS research shows that the organization was given a 990-06, 990-13, or 990-14 filing requirement	Prepare a Form 4442 referral to the EO Correspondence Unit (fax 513-263-4330). CAUTION: Remain noncommittal when you are taking a referral to the EO Correspondence Unit on a potentially-erroneous revocation and do not tell the caller that it appears that the revocation is in error. Tell the caller that the information is being forwarded to the appropriate area for additional research and that they will receive

		information in writing from that area. That written communication is generally initiated within 30 days from the date of the referral.
The caller states that the organization should not have been revoked because they have a letter stating that they are not required to file an EO return	EDS/TEDS research does not show that the organization was given a 990-06, 990-13, or 990-14 filing requirement	Instruct the caller to send a copy of the letter showing they do not have an EO filing requirement to: TEGE Correspondence Unit P.O. Box 2508, Room 4024 Cincinnati, OH 45201 The information may also be faxed to 513-263-4330.
The caller states that the organization should not have been revoked because they filed at least one return in the three year period that began after December 31, 2006 EXCEPTION: If the caller states that the revoked subordinate organization was included in a group return, see below.	IDRS research shows that at least one return was filed for the appropriate period and, if it was for the third year, that the return was timely filed REMINDER: If the DLN of the extension (TC 460) is exactly the same as the DLN of the TC 150 for a 2010 return processed in 2010, then the extension was not one filed by the organization (i.e., it is not valid) and any return/notice filed after the normal due date is considered delinquent.	Prepare a Form 4442 referral to EO Accounts, fax 801-620-5555. CAUTION: Remain noncommittal when you are taking a referral to EO Accounts on a potentially-erroneous revocation and do not tell the caller that it appears that the revocation is in error. Tell the caller that the information is being forwarded to the appropriate area for additional research and that they will receive information in writing from that area. That written communication is generally initiated within 30 days from the date of the referral.

<p>The caller states that the organization should not have been revoked because they filed at least one return in the three year period that began after December 31, 2006</p> <p>EXCEPTION: If the caller states that the revoked subordinate organization was included in a group return, see below.</p> <p>NOTE: If the caller states that the organization filed its return using another organization's EIN in error (e.g., one subordinate in a group ruling mistakenly uses another subordinate's EIN), explain that filer error is not an acceptable reason for reinstatement and that the organization must (re)apply if it wants to be exempt.</p>	<p>IDRS research does not show that at least one return was filed for the appropriate period or, if it was for the third year, that the return was not timely filed</p> <p>REMINDER: If the DLN of the extension (TC 460) is exactly the same as the DLN of the TC 150 for a 2010 return processed in 2010, then the extension was not one filed by the organization (i.e., it is not valid) and any return/notice filed after the normal due date is considered delinquent.</p>	<p>Instruct the caller to send proof of (timely) filing to: Internal Revenue Service Attn: EO Accounts Unit, M/S 6552 Ogden, UT 84201</p> <p>Fax 801-620-5555</p> <p>CAUTION: Remain noncommittal when you are instructing the caller to submit information to EO Accounts and do not tell the caller that it appears that the revocation is in error. Tell the caller that they will receive information in writing from that area. That written communication is generally initiated within 30 days from the date of receipt.</p>
<p>The caller states that the organization should not have been revoked because they had previously contacted us timely and that the assistor at that time assured the caller that we would submit the Form 990-N on their behalf to prevent auto-revocation (changes to the EO submodule notwithstanding)</p>	<p>A history/narrative on AMS substantiates the caller's statements</p>	<p>Prepare a Form 4442 referral to EO Accounts, fax 801-620-5555.</p> <p>NOTE: Ogden assistors who work both telephones and paper should prepare referrals while they are charging their time to "telephones."</p>
<p>The caller states that the organization should not have been revoked because the organization has not been in existence for three</p>	<p>The organization has an organizing document that shows that the due date of the organization's third fiscal period is later than the</p>	<p>Instruct the caller to send a copy of their organizing document and a letter of explanation to:</p>

<p>tax years</p>	<p>date of the call</p> <p>EXAMPLE: IDRS shows that an organization operating on a calendar year received its EIN in April 2000 so its exemption was revoked for failure to file for 200712, 200812, and 200912. The caller states that the organization did not activate and legally form until June 2010. In order for this organization to be legitimately revoked, it would have to fail to file for 201012, 201112, and 201212. It would have until May 15, 2013, to file its third year's return timely.</p>	<p>TEGE Correspondence Unit</p> <p>P.O. Box 2508, Room 4024</p> <p>Cincinnati, OH 45201</p> <p>The information may also be faxed to 513-263-4330.</p>
<p>The caller states that the revoked subordinate organization was included in a group return</p>		<p>Ask the caller for the EIN of the group return filed by the central organization.</p> <p>If the caller can provide the EIN, verify that the EIN is assigned to a group return. If it is, prepare a Form 4442 referral to EO Accounts, fax 801-620-5555, and include that information.</p> <p>If the caller cannot provide the EIN of the group return OR the EIN provided by the caller is not assigned to a group return, tell the caller that he/she should research for the correct information and either call us back or mail/fax the information to the EO Accounts Unit, M/S 6552 Ogden, UT 84201 (fax 801-620-5555).</p>

		NOTE: It may be necessary to educate the caller about group returns. See IRM 21.3.8.12.14.6, "Group Returns," for additional information.
The caller states that the organization should not have been revoked because they are a federal credit union exempt under IRC section 501(c)(1)	IDRS indicates that the entity had been exempt under 501(c)(14) as a state-chartered credit union	Instruct the caller to send a request to correct our records, as well as proof that it is recognized as a federally-chartered credit union, to: TEGE Correspondence Unit P.O. Box 2508, Room 4024 Cincinnati, OH 45201 The information may also be faxed to 513-263-4330.

6. If the caller asks about filing a taxable return, explain that the requirement begins with the effective date of revocation, i.e., the submission/filing due date of the third year's return. See IRM 21.3.8.3.8.1, "Compliance with EO Filing Requirements," for additional information.

EXAMPLE: If an organization that is a calendar year filer is revoked effective May 17, 2010, then, unless it applies for and receives exemption retroactive to the date of revocation, it should file a taxable return for the period from May 17, 2010, through December 31, 2010, and continue filing taxable returns until it terminates or it applies for and receives exemption.

7. If the caller has other questions about filing a taxable return (e.g., due dates, how to complete the form), transfer the caller per the TTG.
8. If the organization has applied for reinstatement and would otherwise be a Form 990, Form 990-EZ, or Form 990-PF filer (had it not been auto-revoked), it must send a complete and timely EO return to EO Determinations for any tax period that ends while their application for reinstatement is still pending. The return should be sent to:
IRS - TEGE

P.O. Box 2508
Cincinnati, OH 45201

NOTE: If the organization needs to request an extension of time to file its EO return while its reinstatement application is pending, it should send the extension request to EO Determinations at the address noted here.

9. If the organization has applied for reinstatement and would otherwise be a Form 990-N submitter (had it not been auto-revoked), it cannot submit the form until its exemption has been reinstated and its EO filing requirement restored.
10. Refer to the Automatic Revocation FAQs and other auto-revocation information on the IRS Web site for additional information. If the caller has an auto-revocation issue that cannot be resolved using the information in the IRM or on the Web, prepare a Form 4442 referral to your lead with the relevant details and contact information, and the lead will consult with the Headquarters analyst. If you prepare a Form 4442 referral for an organization-specific auto-revocation issue/question, give the caller a 60-day response time frame.

NOTE: Before preparing a second (or third) referral to the HQ analyst on an auto-revocation issue, research TRAC for an action taken subsequently to the date of the previous referral. If TRAC shows that a status 97 letter was sent after the date of the earlier referral, for example, then EO determined that the auto-revocation was appropriate and there is no need to prepare another referral. If the organization has additional information it wants EO to consider, then it must send that information to the Correspondence Unit. If TRAC shows that an affirmation letter was prepared, then IDRS should show a pending TC 016 with the restoration of EO filing requirements. You may also need to calculate the organization's three fiscal periods to determine whether the auto-revocation is accurate. Use the effective date of exemption on EDS and the organization's fiscal year month to determine the three years. Then see if the organization would have had time to file the third year's return after the ruling date shown on EDS. If yes, then the auto-revocation is legitimate and there is no need to prepare a referral. If the organization disputes the effective date, fiscal year month, etc., it will have to send the necessary documentation to the Correspondence Unit and there is no need to prepare a referral unless the caller indicates she/he already submitted that information to the Correspondence Unit.