

IRS News Release

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IRS Revises Application Form for Charitable Organizations

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WASHINGTON — The Internal Revenue Service today released a revised application form for charitable organizations seeking tax-exempt status. The new form will streamline the application process for the organizations and will help the IRS spot potentially abusive charities.

The revised Form 1023, Application for Exemption Under Section 501(c)(3) of the Internal Revenue Code, is available on the IRS Website, at www.irs.gov. Printed copies of the form and instructions will be available at the end of November by calling the IRS toll-free at (800) 829-3676. The additional information required upfront will mean fewer contacts between the IRS and the organizations.

“We have identified the use and abuse of charities as one of our four service-wide enforcement priorities,” said IRS Commissioner Mark W. Everson. “This new form will give us valuable information about those who might abuse the tax-exempt system and erode public confidence in charities. At the same time, this change will help smooth the application process and minimize burden on new groups.”

The new form is the result of extensive collaboration with the tax-exempt community and takes into account recommendations the IRS received during a lengthy period of public comment. The revision also uses information the IRS gathered from customer satisfaction surveys.

“Applicants want a process that is easier, faster and more streamlined. They want a process that minimizes contacts with the IRS. The new Form 1023 will reduce the burden on applicants and will increase information to the IRS,” said Martha Sullivan, Director of the IRS’ Exempt Organizations Division.

The new Form 1023 also was designed to provide the IRS with information it needs to ensure compliance with the tax laws. The new form will alert the IRS to potential problems early in the application process and will help identify potentially abusive situations involving tax-exempt organizations.

“Unfortunately, there are those who try to create and use tax-exempt organizations for abusive purposes,” Sullivan said. “Revising Form 1023 has given us a unique opportunity to design a form to gather the information we need and to stop those who would undermine the public’s confidence in charities.”

Users of the new Form 1023 will find it longer but much easier to use than the current version. The new Form 1023 Package consolidates all forms necessary to apply for exemption, is organized in a logical, sequential way and includes a handy checklist to help reduce common errors.