

IRS News Release

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IRS Identifies Organizations that Have Lost Tax-Exempt Status; Announces Special Steps to Help Revoked Organizations

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WASHINGTON — The Internal Revenue Service today announced that approximately 275,000 organizations under the law have automatically lost their tax-exempt status because they did not file legally required annual reports for three consecutive years. The IRS believes the vast majority of these organizations are defunct, but it also announced special steps to help any existing organizations to apply for reinstatement of their tax-exempt status.

Congress passed the Pension Protection Act (PPA) in 2006, requiring most tax-exempt organizations to file an annual information return or notice with the IRS. For small organizations, the law imposed a filing requirement for the first time in 2007. In addition, the law automatically revokes the tax-exempt status of any organization that does not file required returns or notices for three consecutive years.

For several years, the IRS has made an extensive effort to inform organizations of the changes in the law through multiple outreach and education avenues, including mailing more than 1 million notices to organizations that had not filed. In addition, last year the IRS published a list of at-risk groups and gave smaller organizations an additional five months to file required notices and come into compliance. About 50,000 organizations filed during this extension period. Overall, the IRS believes the vast majority of small tax-exempt organizations are now in compliance with the 2006 law.

“During the past several years, the IRS has gone the extra mile to help make tax-exempt groups aware of their legal filing requirement and allow them additional time to file,” IRS Commissioner Doug Shulman said. “Still, we realize there may be some legitimate organizations, especially very small ones, that were unaware of their new filing requirement. We are taking additional steps for these groups to maintain their tax-exempt status without jeopardizing their operations or harming their donors.”

As part of this, the IRS issued guidance today on how organizations can apply for reinstatement of their tax-exempt status, including retroactive reinstatement. In addition, the IRS announced transition relief for certain small tax-exempt organizations – those with annual gross receipts of \$50,000 or less for 2010 – that were made subject to the new "postcard" filing under the PPA. The relief allows eligible small organizations to regain their tax-exempt status retroactive to the date of revocation and pay a reduced application fee of \$100 rather than the typical \$400 or \$850 fee. Full details are available in [Notice 2011-43](#), [Notice 2011-44](#) and [Revenue Procedure 2011-36](#), issued today.

If an organization appears on the list of organizations whose tax-exempt status has been automatically revoked it is because IRS records indicate the organization had a filing requirement and did not file the required returns or notices for 2007, 2008 and 2009.

The list of organizations whose tax-exempt status has been revoked for failing to meet their filing requirement, which will be available on the IRS website at www.IRS.gov, includes each organization's name, Employer Identification Number (EIN) and last known address. It is searchable by state. It also includes the effective date of the automatic revocation and the date it was posted to the list. The IRS will update the list monthly to include additional organizations that lose their tax-exempt status.

The vast majority of tax-exempt groups file their required returns and are unaffected by the revocation listing. In addition, the IRS believes the vast majority of the newly revoked groups are no longer in existence and need to be removed from the tax-exempt listing as the 2006 law requires.

This listing should have little, if any, impact on donors who previously made deductible contributions to auto-revoked organizations because donations made prior to the publication of an organization's name on the list remain tax-deductible. Going forward, however, organizations that are on the auto-revocation list that do not receive reinstatement are no longer eligible to receive tax-deductible contributions, and any income they receive may be taxable.

Publication on the list of organizations whose tax-exempt status has been revoked serves as notice to donors and others that they may no longer rely on a prior listing in IRS Publication 78, *Cumulative List of Organizations*, as an indication of an organization's tax-exempt status or its eligibility to receive tax-deductible contributions. An updated version of Publication 78 with current listings will be published on the IRS website later this week. Nor can donors rely on an IRS determination letter issued to the organization prior to the date of automatic revocation.

Existing organizations that seek to have their tax-exempt status reinstated must complete an application and pay a user fee regardless of whether they were originally required to file such an application. More information on the reinstatement process, including retroactive reinstatement, can be found on IRS.gov.

Additional Resources:

- [Announcement 2011-35](#), Publication of the Auto-Revocation List
- [Revenue Procedure 2011-33](#)