

IRM PROCEDURAL UPDATE

DATE: 04/27/2015

NUMBER: WI-21-0415-0771

SUBJECT: IDRS Updates for Organizations Without Formal Exemption

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

CHANGE(s):

IRM 21.3.8.9.7(3) - Changed the Note to an Exception and expanded it to allow the correction of a fiscal year month if the organization was assigned December by default as part of the EO EIN Transcript program.

1. Do not change the fiscal year month based on information provided orally by the caller even if you suspect Service error in the processing of his/her original request. If IDRS research indicates that a change has been made (e.g., a TC 053 on ENMOD), but the change differs from what the caller is stating (including when the caller states that no change was requested), prepare a Form 4442 referral to EO Entity (EEFAX 855-214-7520) and provide a complete description of the problem. Tell the caller to allow 30 days for a response.

EXCEPTION: You may use information found on CIS/OL-SEIN to correct the fiscal year month. You may also correct the fiscal year month based on a statement from an authorized caller if the information on IDRS reflects the default assignment of December as the accounting period because the submodule was added as a result of the EO EIN Transcript program. (See IRM 21.3.8.9.12, "Updating EO Submodules Created by EO-EIN Transcripts, EO Submodule Data Sheets, and Filed Returns.")

REMINDER: If research indicates that a filed return needs to be reprocessed, follow the guidance in IRM 21.5.2.4.23, "Reprocessing Returns/Documents," and the subsequent subsections.

IRM 21.3.8.12.6.1(5) - Revised the procedures for organizations claiming not to have been in existence for three years prior to being auto-revoked.

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 Use the following chart if the caller states that his/her organization should not have been revoked for failure to file: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 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>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</p> | <p>EDS/TEDS research shows that the organization was given a 990-06, 990-13, or 990-14 filing requirement</p> | <p>Prepare a Form 4442 referral to the EO Correspondence Unit (EEFAX 855-204-6184).</p> <p>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 60 days from the date of the referral.</p> |
| <p>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</p> | <p>EDS/TEDS research does not show that the organization was given a 990-06, 990-13, or 990-14 filing requirement</p> | <p>Instruct the caller to send a copy of the letter showing they do not have an EO filing requirement to:</p> <p>TEGE Correspondence Unit P.O. Box 2508, Room</p> |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>4024</p> <p>Cincinnati, OH 45201</p> <p><i>Express and Overnight Delivery</i></p> <p>TEGE Correspondence Unit</p> <p>Room 4024</p> <p>550 Main Street</p> <p>Cincinnati, OH 45202</p> <p>The information may also be faxed to EEFAX 855-204-6184.</p> |
| <p>The caller states that the organization should not have been revoked because they are a governmental unit or affiliate of a governmental unit</p> | <p>The entity displays employment code F, T, or A on IDRS</p> | <p>Prepare a Form 4442 referral to the EO Correspondence Unit (EEFAX 855-204-6184).</p> <p>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</p> |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | communication is generally initiated within 60 days from the date of the referral. |
| The caller states that the organization should not have been revoked because they are a governmental unit or affiliate of a governmental unit | The entity displays employment code G or Q on IDRS | <p>Instruct the caller to send a copy of the documentation showing they are a governmental unit or affiliate of a governmental unit to:</p> <p>TEGE Correspondence Unit P.O. Box 2508, Room 4024 Cincinnati, OH 45201</p> <p><i>Express and Overnight Delivery</i></p> <p>TEGE Correspondence Unit Room 4024 550 Main Street Cincinnati, OH 45202</p> <p>The information may also be faxed to EEFAX 855-204-6184.</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 | 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 | <p>Prepare a Form 4442 referral to EO Accounts, fax 801-620-5555.</p> <p>EXCEPTION: Do not prepare a referral if</p> |

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>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>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>the organization has a pending application for exemption AND the status 97 TC 016 on BMFOLE has a manual, not a systemic, DLN. Explain to the caller that the organization was manually revoked based on the formation date on the organizing document submitted with the application and that the organization will have to wait for its ruling to be reinstated. (You can identify the TC 016 that updated the account to Status 97 by looking for Definer Code B and a transaction date matching the status update on INOLES. If the DLN of the TC 016 does not contain all 9s in the 6th through 13th positions and end in 2, 3, 4 etc., then the update to status 97 was done manually to process the application.)</p> <p>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</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>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> |
| <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 necessarily an acceptable reason for reinstatement and that the organization must explain the facts and circumstances of the error and request</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> |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| reinstatement. | | |
| 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) | A history/narrative on AMS substantiates the caller's statements | Prepare a Form 4442 referral to the TEGE Correspondence Unit, EEFAQ 855-204-6184. |
| The caller states that the organization should not have been revoked because the organization has not been in existence for three tax years NOTE: This situation generally applies to organizations with older EIN establishment dates (four years or more from the current date). For organizations with more recent EIN establishment dates, see IRM 21.3.8.12.6.1.1, "Calls from Organizations in Status 97 with a Recent EIN Establishment Date." | The organization does not have a formal ruling showing on EDS but has an organizing document that shows that the due date of the organization's third fiscal period is later than the date of the call 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 | Instruct the caller to send a letter requesting reinstatement that includes a statement, signed under penalties of perjury, giving the organization's actual formation date to: Internal Revenue Service 1973 North Rulon White Blvd. M/S 6552 Ogden, UT 84404 The information may also be faxed to 801-620-5555. |

| | | |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>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>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/or contact the central organization 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> <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.</p> |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The caller states that the organization should not have been revoked because they are a federal credit union exempt under IRC 501(c)(1)</p> | <p>IDRS indicates that the entity had been exempt under 501(c)(14) as a state-chartered credit union</p> | <p>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:</p> <p>TEGE Correspondence Unit</p> <p>P.O. Box 2508, Room 4024</p> <p>Cincinnati, OH 45201</p> <p><i>Express and Overnight Delivery</i></p> <p>TEGE Correspondence Unit</p> <p>Room 4024</p> <p>550 Main Street</p> <p>Cincinnati, OH 45202</p> <p>The information may also be faxed to EEFAX 855-204-6184.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

IRM 21.3.8.12.24.2.2(5) - Deleted the status 28 Note from the "If" column of the table and replaced it with an Exception in the "Then" column, clarifying that the EO Submodule Data Sheet should be submitted only in situations where the organization is at risk of auto-revocation.

5. Ask the caller if the organization is included as a subordinate under a group exemption:

NOTE: Refer to IRM 21.3.8.12.14.5.1, "Handling Calls from 4-H Groups," if the caller represents a 4-H entity.

| If | Then |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yes (or if the caller is not sure) | <p data-bbox="646 233 1304 474">1. Continue preparing an EO Submodule Data Sheet and instruct the caller to notify the central organization to send a request for inclusion of the subordinate to Ogden. See IRM 21.3.8.12.14.5, "Adding Subordinates to a GEN and Modifying Subordinate Information," for additional details.</p> <p data-bbox="699 512 1308 1245">EXCEPTION: DO NOT prepare an EO Submodule Data Sheet for organizations in status 28 unless the organization has less than eight weeks to submit its Form 990-N before it is at risk of auto-revocation. Follow the procedures in 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 organization is in status 28 and the central organization is in EO status 01, provide the information required to be added back to the group ruling <i>if the caller says that they should still be included</i> (see IRM 21.3.8.12.14.5, "Adding Subordinates to a GEN and Modifying Subordinate Information"). For all "no risk" status 28 situations, update IDRS using the guidance in IRM 21.3.8.9.12, "Updating EO Submodules Created by EO-EIN Transcripts, EO Submodule Data Sheets, and Filed Returns."</p> <p data-bbox="699 1283 1304 1797">NOTE: If the caller states that the central organization has already submitted the inclusion information to Ogden but IDRS does not show the organization as part of the group ruling, put the message, "Disregard if group ruling submodule has been added," in the body of the email to which the submodule data sheet is attached (or on the fax cover sheet) in case the group ruling information is processed before the submodule data sheet is received and worked. If EO Entity receives the inclusion request after the data sheet, the group ruling information will supersede the information provided on the submodule data sheet.</p> |

| | |
|------------------------------------------------------------------------------------------------|-------------------|
| | 2. See (6) below. |
| No (The organization is independent) NOTE: See above for organizations in status 28. | See (6) below. |