



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

July 8, 2016

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Expiration Date: July 8, 2018

MEMORANDUM FOR EXEMPT ORGANIZATIONS
RULINGS AND AGREEMENTS EMPLOYEES

FROM: Jon M. Waddell /s/ *Jon M. Waddell*
Acting Director, Exempt Organizations Rulings and Agreements

SUBJECT: Interim Guidance for Processing Form 8976, *Notification of Intent to Operate Under Section 501(c)(4)*.

Purpose

Exempt Organizations (EO) Rulings and Agreements tax examiners will review and process Form 8976, *Notice of Intent to Operate Under Section 501(c)(4)*. This memorandum describes the procedures that will be followed.

Background/Source(s) of Authority

The Protecting Americans from Tax Hikes (PATH) Act of 2015 created Internal Revenue Code section 506 requiring an organization described in section 501(c)(4) to notify the Secretary no later than 60 days after the organization is organized that it is operating as a 501(c)(4) organization. The requirement to submit the notification applies to organizations that are described in section 501(c)(4) and organized after December 18, 2015, and to certain section 501(c)(4) organizations existing on that date.

Rev. Proc. 2016-41 sets forth procedures for 501(c)(4) organizations submitting the notification required by section 506.

Process

1. Tax examiners (TEs) will review electronically submitted Form 8976 notifications in submission date order. Paper submissions will not be accepted.
2. TEs will:
 - a. Ensure all required fields of the form have been completed
 - b. Verify the correct user fee was paid
 - c. Perform IDRS research
3. Within 60 days of receiving an organization's completed and properly submitted Form 8976, TEs will acknowledge receipt of the request by issuing a *Notice of Acceptance* if all of the information is complete and there is no reason for non-acceptance. The acknowledgement letter is not a determination of tax-exempt status. TEs will also create or update the EO Submodule on MasterFile.

4. If the Form 8976 is considered incomplete, TEs will notify the organization of the non-acceptance of its form by issuing a *Notice Not Accepted*. Any user fee that was paid will be returned or refunded.
5. If an organization fails to submit a completed Form 8976 by the due date, the organization may be subject to penalties. After acknowledging receipt, TEs will refer any completed Forms 8976 filed late to Ogden Accounts Management for further research, potential penalty assessment, and the handling of any reasonable cause waivers.

Effect on Other Documents

This guidance will be incorporated into proposed new IRM 7.20.11 by July 8, 2018.

Effective Date

July 8, 2016

Contact

EO Determinations Area 1 Manager

Distribution

www.IRS.gov