



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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MEMORANDUM FOR EXEMPT ORGANIZATIONS
RULINGS AND AGREEMENTS EMPLOYEES

FROM: Jeffrey I. Cooper /s/ *Jeffrey J. Cooper*
Director, Exempt Organizations Rulings and Agreements

SUBJECT: Interim Guidance on Case Processing Requirements for Applications
Indicating Activities or Grants in U.S. Territories

This memorandum clarifies Exempt Organizations (EO) Determinations procedures for processing applications of organizations indicating they will make grants or conduct activities in a U.S. territory (American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the U.S. Virgin Islands).

Background/Source(s) of Authority

Internal Revenue Manual (IRM) 7.20.6.2.1.2 states that organizations indicating they will make grants or conduct activities in a foreign country, especially a country where there is war and civil unrest, present a higher risk of terrorism financing and that the organization's assets are at higher risk for diversion to finance terrorism, regardless of the organization's intent. Procedures outlined in the IRM require that EO Determinations specialists secure certain information from such organizations and complete Form 14503, *Potential Terrorism Connection Checklist*, (except if the grants or activities are indicated on Form 1023-EZ – see IRM 7.20.9).

This memorandum clarifies that, for purposes of this IRM, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the U.S. Virgin Islands (each a U.S. territory) are not considered foreign countries.

Procedural Change

As of the date of this memo, EO employees are not required to follow the procedures for applications described in IRM 7.20.6.2.1.2 solely because the applicant organization makes grants or conducts activities in American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the U.S. Virgin Islands (each a U.S. territory).

IRM 7.20.6.2.1.2 continues to apply to organizations that indicate they will make grants or conduct activities outside the 50 states, the District of Columbia, or a U.S. territory.

Effect on Other Documents

This guidance will be incorporated into IRM 7.20.6 by October 3, 2018.

Effective Date

October 3, 2016

Contact

EO Determinations Area 1 Manager

Distribution

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