



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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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MEMORANDUM FOR EXEMPT ORGANIZATIONS
RULINGS AND AGREEMENTS EMPLOYEES

FROM: Stephen A. Martin /s/ *Stephen A. Martin*
Director, Exempt Organizations Rulings and Agreements
SUBJECT: Processing Group Exemption Requests

This memorandum provides processing procedures for group exemption requests based on Revenue Procedure (Rev. Proc.) 2026-8.

Background/Source(s) of Authority

Notice 2020-36, 2020-21 I.R.B. 840, proposed a revenue procedure to modify and supersede Rev. Proc. 80-27, 1980-1 C.B. 677 (as modified by Rev. Proc. 96-40, 1996-2 C.B. 301). Under Notice 2020-36, the IRS stopped accepting group exemption applications 30 days after the notice was published. The IRS resumed accepting group exemption applications on January 20, 2026.

Rev. Proc. 2026-8 finalizes, with modifications, the revenue procedure proposed in Notice 2020-36 and modifies and supersedes Rev. Proc. 80-27, by setting forth updated procedures to obtain recognition of exemption from federal income tax on a group basis for organizations described in IRC Section 501(c) that are affiliated with and under the general supervision or control of a central organization. It also sets forth updated procedures a central organization must follow to maintain a group exemption letter.

Rev. Proc. 2026-8, section 4.01 describes the general requirements to obtain and maintain a group exemption letter, which include:

1. Recognition of exemption.

On or before the date it files a group application, a central organization described in IRC Section 501(c) must either (a) be recognized by the IRS as tax-exempt, (b) have filed an application, or (c) in the case of a central organization that has had its exemption automatically revoked, filed an application for reinstatement.

2. A minimum of five subordinate organizations.

A central organization must have at least five subordinate organizations to obtain a group

exemption letter, and it must have at least one subordinate organization to maintain the group exemption letter thereafter (subject to a transition period for preexisting group exemption letters).

3. Only one group exemption letter.

A central organization may maintain only one group exemption letter (except as provided in section 12.02(2)(a)(ii) of Rev. Proc. 2026-8 which provides a transition period for preexisting group exemption letters).

Rev. Proc. 2026-8, section 4.02 describes the central organization's relationship with its subordinate organizations. The central organization must demonstrate that each subordinate initially included or subsequently added to the group exemption letter is:

1. Affiliated with the central organization.

A subordinate organization's affiliation with the central organization is demonstrated by facts and circumstances showing that it is a chapter, local, post, or unit of the central organization.

2. Subject to its general supervision or control.

A subordinate is subject to the general supervision of a central organization if the central organization (1) annually obtains, reviews, and retains information on the subordinate organizations' finances, activities, and compliance with annual filing requirements and (2) annually transmits written information to (or otherwise educates) the subordinate organizations about the requirements to maintain tax-exempt status, including annual filing requirements.

Note: For a subordinate organization that is not required to file an annual information return or notice, a central organization is not required to annually obtain, review, and retain information on the subordinate organization's finances, activities, and compliance with annual filing requirements.

A subordinate organization is subject to the control of a central organization if:

- a. The central organization appoints the subordinate organization's directors or trustees who possess a majority of the voting power with respect to the subordinate organization's governance;
- b. The central organization appoints a majority of the subordinate organization's officers;
- c. The subordinate organization's directors or trustees possessing a majority of the voting power with respect to the subordinate organization's governance are directors or trustees of the central organization;
- d. A majority of the subordinate organization's officers are officers of the central organization; or
- e. The central organization and the subordinate organization enter into a written agreement that evidences the central organization's control over the subordinate organization's activities and operations.

In addition to being affiliated with the central organization and subject to its general supervision or control, all subordinates initially indicated or subsequently added to the group exemption letter must meet the requirements of section 4.03 of Rev. Proc. 2026-8 (except as provided regarding

requirements applicable to preexisting subordinate organizations after a transition period and requirements not applicable to preexisting subordinate organizations), including:

a. Matching requirement.

All subordinate organizations under a group exemption letter must be described in the same paragraph of IRC Section 501(c). Subordinate organizations are not required to be described in the same paragraph of IRC Section 501(c) as the central organization.

b. Uniform purpose requirement.

Subordinate organizations that share the same purpose must have a uniform purpose statement in their governing instruments (charter, trust indenture, articles of association, etc.). If one or more subordinate organizations covered by a group exemption letter have a purpose that is different from the purpose of other subordinate organizations covered by the letter, the subordinate organizations that share a purpose must include the same uniform purpose statement in their governing instruments.

c. Annual accounting period requirement.

Subordinate organizations included on a group return filed by the central organization on behalf of those subordinate organizations must be on the same annual accounting period as the central organization.

Rev. Proc. 2026-8, section 6 states that the group application must be submitted through Pay.gov on Form 8940 with the required user fee. The request must include, in addition to other information required by Rev. Proc. 2026-8:

- a. The name, mailing address, EIN, and date of formation or incorporation of each subordinate organization to be included in the group exemption letter;
- b. A representation that each subordinate organization is affiliated with and subject to the general supervision or control of the central organization;
- c. A representation that the subordinate organizations are all described in the same paragraph of IRC Section 501(c);
- d. The paragraph of IRC Section 501(c) in which all subordinate organizations are or will be described;
- e. A representation that no subordinate organization is organized under the laws of a foreign country;
- f. If the subordinate organizations are described in IRC 501(c)(3), a representation that no subordinate organization is a private foundation under IRC 509(a) or a Type III supporting organization under IRC 509(a)(3) and Section 1.509(a)-4(i);
- g. A representation that no subordinate organization is a qualified nonprofit health insurance issuer described in IRC 501(c)(29);
- h. A representation that no subordinate organization has had its exemption automatically revoked and has not had its exemption reinstated after filing an application for reinstatement;

- i. If the subordinate organizations are described in IRC 501(c)(3) and classified as public charities, the paragraph(s) of IRC 509(a) and 170(b)(1)(A) (if applicable) under which they are classified;
- j. A representation that all the subordinate organizations sharing the same purpose have adopted a uniform purpose statement as a part of their governing instrument;
- k. The text of the uniform purpose statement(s) adopted by each subordinate organization sharing the same purpose as part of its governing instrument;
- l. A detailed description of each subordinate organization's purposes and activities, including the sources of its receipts and the nature of its expenditures;
- m. A representation that each subordinate organization has furnished written authorization described in section 4.06 of Rev. Proc. 2026-8 to the central organization;
- n. A representation confirming that all subordinate organizations were organized within 27 months of the submission date of the group application, or, if any subordinate organizations were organized more than 27 months before the submission date, a representation that all subordinate organizations, other than subordinate organizations recognized by the IRS as being described in Section 501(c) or included in another group exemption letter immediately prior to being included in the group application, agree to be recognized as exempt from the submission date of the group application; and
- o. If the central organization will file a group return on behalf of two or more subordinate organizations, a representation that any subordinate organizations included on such group return are or will be on the same accounting period as the central organization.
- p. Such additional information as the IRS may specify in published guidance in the Internal Revenue Bulletin or in other guidance, such as forms, instructions, publications, or a posting on irs.gov issued with respect to this revenue procedure.
- q. In certain instances, a central organization must submit additional information regarding its subordinate organizations. A central organization with subordinate organizations that are private schools or charitable hospitals must submit the additional information described in Section 6.04(2)(a) and (b) of Rev. Proc. 2026-8.
- r. If the group application involves subordinate organizations that are or will be described in IRC 501(c)(4), the central organization must represent that each subordinate organization has complied with or will comply with the requirements of IRC 506 and Rev. Proc. 2016-41, 2016-30 I.R.B. 165. A subordinate organization may authorize an individual representing a central organization to submit Form 8976, Notice of Intent to Operate Under Section 501(c)(4), on behalf of the subordinate organization and to receive any communications relating to the submission.

Rev. Proc. 2026-8, section 4.04 describes organizations not eligible for initial inclusion in, or subsequent addition to, a group exemption letter as subordinates:

1. Organizations that are organized in a foreign country;
2. Organizations that are described in IRC 501(c)(3) classified as private foundations under IRC 509(a);
3. Organizations that are described in IRC 501(c)(3) that, pursuant to Section 509(a)(3)(B)(iii), are operated in connection with one or more organizations described in

Section 509(a)(1) or (2) (that is, organizations classified as a Type III supporting organizations under IRC 509(a)(3) and Section 1.509(a)-4(i));

4. Qualified nonprofit health insurance issuers described in IRC 501(c)(29); and
5. Organizations that have had their exemption automatically revoked and have not yet had their exemption reinstated.

IRM 7.20.3.3.11, Processing Group Ruling Requests, in part, states that a group ruling is a determination letter issued to a parent organization (also known as a central organization) recognizing, on a group basis, the exemption under IRC Section 501(c) of subordinate organizations on whose behalf the parent organization has applied for recognition of exemption.

IRM 7.20.3.3.11.1, Group Ruling Development, states, in part, that if the letter request doesn't contain sufficient information to show the requirements are met for a group exemption, request the missing information. Review the submitted information (using optional Form 14315, Group Ruling Guidesheet) to determine whether to a) Develop the case (favorable determination appears likely) or b) Decline to make a determination on the request.

Procedural Changes for Processing Group Exemption Requests

- When reviewing a group exemption request, the specialist must complete and import Form 14315, Group Ruling Guidesheet, into the Non-Disclosable folder.
- Prior to issuing Letter 1312 for a group exemption request, the specialist must discuss with their manager.

If approving the group exemption request, the specialist will:

1. Prepare Letter 2419, Group Exemption.
2. Designate the case for Mandatory Review.
3. Prepare a Form 2363-A following the instructions in IRM 7.20.3.3.11.2, Closing Procedures for Group Rulings – Approvals.

A group ruling request may be declined for one or more of these reasons:

- Failure of the central organization to qualify for recognition of exemption;
- Failure to satisfy Rev. Proc. 2026-8 requirements;
- Issues/activities that have a historical problem with compliance;
- Failure of a subordinate organization to file information returns for three consecutive years (would be automatically revoked); or
- Against sound tax administration.

Note: Group ruling declinations do not receive protest rights and are not subject to IRC 7428.

Note: A group application that is missing any information required by section 6 of Rev. Proc. 2026-8 or Rev. Proc. 2026-5 (or the corresponding annual update to Rev. Proc. 2026-5), will be deemed incomplete and will be processed as a declination.

Note: Under section 5.03 of Rev. Proc. 2026-8, the IRS may decline to issue a group exemption letter if the activities described in the group application involve complex facts and circumstances that, in the interest of sound tax administration, are more appropriate for determination on an organization-by-organization basis.

If the specialist determines that a declination is appropriate, the specialist will discuss with their manager and follow procedures in IRM 7.20.3.3.11.3, Group Ruling Declinations.

Effect on Other Documents

This guidance will be incorporated into IRM 7.20.2, 7.20.3, and 7.20.5 by January 21, 2028.

Effective Date

January 21, 2026

Contact

EO Determinations Area 3 Manager

Distribution

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