



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

April 29, 2021

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MEMORANDUM FOR EXEMPT ORGANIZATIONS
RULINGS AND AGREEMENTS EMPLOYEES

FROM: Stephen A. Martin /s/ *Stephen A. Martin*
Director, Exempt Organizations (EO) Rulings and Agreements

SUBJECT: Interim Guidance on Updated Procedures Relating to Changes in
Requested Subsection/Application Form During Case Processing

This memorandum updates procedures where an organization requests a change in subsection during the application process by submitting one application form to replace a different application form (e.g., a Form 1024-A to replace a Form 1023). The updated procedures allow EO Rulings and Agreements to process these requests where the electronic application process through pay.gov requires a user fee be submitted with the application.

Background/Source(s) of Authority

IRM 7.20.2.3.4.1(1)(a) instructs specialists to establish a new case when an organization requests a change in subsection during the application process by submitting one form to replace another. The organization generally doesn't owe a new user fee for the new application.

IRM 7.20.2.3.4.1(2) provides that once a new case is established, the original must be closed as a withdrawal but to not prepare a withdrawal letter.

IRM 7.20.2.3.4(3) states that once the new case is established and assigned, the specialist must email *TE/GE-EO-Adjustments to request the user fee be transferred to the new application.

Section 8.01(3) of Rev. Proc. 2021-5 states that "generally, the user fee will not be refunded if a request is withdrawn."

IRM 7.20.2.5.6(1) provides that an organization may withdraw its determination letter request (in writing) at any time before a determination letter or proposed adverse determination letter is issued, but generally, the user fee is not refunded.

IRM 7.20.2.3.5.2(3) provides that if a user fee is refunded for a case that wouldn't generally receive a refund, such as a withdrawal, the closing letter must have an addendum explaining why it was refunded.

IRM 7.20.9.4.3.1(1) states that if an organization requests a change in subsection by submitting Form 1024 or Form 1024-A to replace Form 1023-EZ, the procedures in IRM 7.20.2.3.4.1, Change in Subsection/Application Form During Case Processing, to withdraw Form 1023-EZ and process Form 1024 or Form 1024-A, should be followed.

Procedural Changes

During case processing, an applicant may request to replace the pending application with an application for exemption under a different subsection using a different form (e.g., withdraw Form 1023 and submit Form 1024-A). As described above, IRS currently accepts the replacement application, transfers the user fee from the original application to the replacement, and processes the initial application as a withdrawal. This memo revises the procedures so that where an applicant requests to replace its application, the initial application will be processed as a withdrawal and the user fee refunded. The applicant may then submit a replacement application with the required user fee. The specialist will:

- Secure a written withdrawal request signed by an authorized person.
- Secure a written statement indicating the organization plans to submit a new application.
- Inform the organization that the user fee will be refunded.
- Explain the replacement application requires a new user fee and will be processed in submission date order.
- Prepare Letter 2244 with the appropriate selectable paragraph explaining why the user fee was refunded.
- Process the original application as a withdrawal in status 04.
- Prepare the user fee refund.

Effect on Other Documents

This guidance will be incorporated into IRMs 7.20.2 and 7.20.9 by April 29, 2023.

Effective Date

April 29, 2021

Contact

EO Determinations Area 2 Manager

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