



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

October 8, 2026

Control No: TEGE-07-1026-0013
Affected IRMs: 7.20.2, 7.20.9
Expiration Date: October 8, 2028

MEMORANDUM FOR EXEMPT ORGANIZATIONS
RULINGS AND AGREEMENTS EMPLOYEES

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

SUBJECT: EO R&A Case Processing Updates

This memorandum provides updated instructions for processing applications in EO Rulings & Agreements.

Background/Source(s) of Authority

Revenue Procedure 2026-5, updated annually, provides procedures for issuing Exempt Organization determination letters.

Rev. Proc. 2026-5, section 15.02 states that applications for recognition of exemption on Form 1023, Form 1023-EZ, Form 1024, Form 1024-A, and requests on Form 8940 are handled by the EO Determinations Office but must be submitted electronically online at www.pay.gov.

IRM 7.20.2.3.4, Additional Information Request, in part, states that when requesting additional information, follow the procedures for offering a form of digital communication, as described in IRM 7.20.2.2.4, Digital Taxpayer Communication.

IRM 7.20.2.2.4(1), Digital Taxpayer Communication, states that there are two digital methods of communication with taxpayers that can be used by specialists in EOD: Secure Messaging (SM), a feature within Taxpayer Digital Communication (TDC), and Document Upload Tool for Taxpayer Facing Employees (DUT- TPFE, hereafter DUT). Employees with taxpayer contact must offer either TDC or DUT to the taxpayer and their representative during initial contact and invite them to use it during case processing.

IRM 7.20.9.2(3), Form 1023-EZ Processing Systems and Case Assignment, states that EO uses the Employee Plans/Exempt Organizations Determination System (EDS) to process applications. MEDS and EDS communicate to process and close cases. Cases are generally worked in MEDS.

The Zero Paper Initiative (ZPI) is helping the IRS become a Digital First agency. The goal is

simple: stop using paper and shift to digital processing. This includes tax forms, information returns, correspondence, and non-tax forms.

Procedural Changes

Form 1023-EZ must be submitted electronically through Pay.gov. Previously the applications were processed through EDS and worked in MEDS. EDS and MEDS are replaced by Exempt Status Application Management (ESAM) for case processing.

Several tools are built into ESAM to assist with case processing. Those tools include an Artificial Intelligence (AI) Assistant, the Form 1023 Guide Sheet, and Letter 947 generation.

Form 1023-EZ Assistant

ESAM has a tool to assist tax examiners in processing Form 1023-EZ. For all Form 1023-EZ applications, the tax examiner will:

1. Open the case in ESAM.
2. Conduct IDRS research.
3. Review the AI Recommendation disclaimer and click "Next."
4. Enter all available BMF data into ESAM and click "Next."
5. Initiate the Form 1023-EZ Recommendation and review the results.
6. Complete all steps in IRM 7.20.9.4, General Case Processing.
7. Prior to sending for manager review or for specialist involvement, enter the AI Recommendation Rating as either Accurate, Partially Accurate, or Inaccurate on the Closing tab. For Partially Accurate or Inaccurate, provide AI Recommendation Feedback. Describe the issue with the recommendation and Save.

Guide Sheet Processing

Form 1023 Guide Sheet processing has been integrated into ESAM. To use the guide sheet:

1. Select the "Launch Guide Sheet" drop down.
2. Ensure the automatically populated case information is accurate. Click Next.
3. Answer all of the questions based on IDRS research, the Narrative Description of Activities, the Financial Data, Foundation Classification, and Effective Date.
4. Approve the case if indicated by the Guide Sheet process.

If the application is unable to be processed using the guide sheet, it will tell you to stop, log the activity and click the "Return from Guidesheet Processing" button to return for specialist processing.

Letter 947 Generation

When approving a Form 1023 or Form 1023-EZ in ESAM and using Letter 947, the letter will be generated within the system.

1. After entering all of the closing data, select "Generate Document" from the top right-hand corner drop down.
2. Select the radio button next to the Letter 947 template and click "Next."
3. Select the name of the organization as the recipient and click the right arrow to move the organization to the selected box.
4. Select all required paragraphs (there are 3 pages of paragraphs).
5. Click "Generate Document."

6. Click "Download Word" and open the file.
7. Review Letter 947 for correctness.
8. To make any needed changes, click "Restart" which reverts back to step 2, above.
9. Save Letter 947 as a PDF by selecting print to PDF and using the [ESAM File Naming Conventions](#).
10. Import the letter into the "FinalLetter" folder.

Note: If you import a letter then later make corrections by generating a new letter, move the prior version to the Purge folder.

Letter 1312

To implement the concepts from the Zero Paper Initiative, Letter 1312, Additional Information Request, is modified to remove the mailing addresses from the "How to respond" section of the letter.

However, if the taxpayer is unable to send the response using one of the digital methods, provide the taxpayer with the appropriate mailing addresses.

Effect on Other Documents

This guidance will be incorporated into IRM 7.20.2 and 7.20.9 by October 8, 2028.

Effective Date

October 8, 2026

Contact

EO Determinations Area 1 Manager

Distribution

[IRS.gov](https://www.irs.gov)