

Publication 557

Tax-Exempt Status for Your Organization

(Rev. January 2025)

For use in preparing

2025 Returns

Volume 8 of 8



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Persons not considered to have substantial influence. Persons who aren't considered to be in a position to exercise substantial influence over the affairs of an organization include:

- An employee who receives benefits that total less than the highly compensated amount in section 414(q)(1)(B)(i) and who doesn't hold the executive or voting powers mentioned earlier in the discussion on *Disqualified Person*, isn't a family member of a disqualified person, and isn't a substantial contributor;
- Tax-exempt organizations described in section 501(c)(3); and
- Section 501(c)(4) organizations with respect to transactions engaged in with other section 501(c)(4) organizations.

Facts and circumstances. The determination of whether a person has substantial influence over the affairs of an

organization is based on all the facts and circumstances. Facts and circumstances that tend to show a person has substantial influence over the affairs of an organization include, but aren't limited to, the following.

- The person founded the organization.
- The person is a substantial contributor to the organization under the section 507(d)(2)(A) definition, only taking into account contributions to the organization for the past 5 years.
- The person's compensation is primarily based on revenues derived from activities of the organization that the person controls.
- The person has or shares authority to control or determine a substantial portion of the organization's capital expenditures, operating budget, or compensation for employees.

- The person manages a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole.
- The person owns a controlling interest (measured by either vote or value) in a corporation, partnership, or trust that is a disqualified person.
- The person is a nonstock organization controlled directly or indirectly by one or more disqualified persons.

Facts and circumstances tending to show that a person doesn't have substantial influence over the affairs of an organization include, but aren't limited to, the following.

- The person has taken a bona fide vow of poverty as an employee or agent of a religious organization or on its behalf.

- The person is an independent contractor whose sole relationship to the organization is providing professional advice (without having decision-making authority) with respect to transactions from which the independent contractor won't economically benefit either directly or indirectly aside from customary fees received for the professional advice rendered.
- Any preferential treatment the person receives based on the size of the person's donation is also offered to others making comparable widely solicited donations.
- The direct supervisor of the person isn't a disqualified person.
- The person doesn't participate in any management decisions affecting the organization as a whole or a discrete segment of the organization that represents a substantial portion of the activities, assets, income, or expenses of

the organization, as compared to the organization as a whole.

In the case of multiple organizations affiliated by common control or governing documents, the determination of whether a person does or doesn't have substantial influence is made separately for each applicable tax-exempt organization. A person may be a disqualified person with respect to transactions with more than one organization.

Reasonable compensation. Reasonable compensation is the value that would ordinarily be paid for like services by like enterprises under like circumstances. The section 162 standard will apply in determining the reasonableness of compensation. The fact that a bonus or revenue-sharing arrangement is subject to a cap is a relevant factor in determining reasonableness of compensation.

To determine the reasonableness of compensation, all items of compensation provided by an applicable tax-exempt organization in exchange for performance of services are taken into account in determining the value of compensation (except for economic benefits that are disregarded under the discussion *Disregarded benefits*, later).

Items of compensation include:

- All forms of cash and noncash compensation, including salary, fees, bonuses, severance payments, and deferred noncash compensation;
- The payment of liability insurance premiums for, or the payment or reimbursement by the organization of penalties, taxes, or certain expenses under section 4958, unless excludable from income as a de minimis fringe benefit under section 132(a)(4);

- All other compensatory benefits, whether or not included in gross income for income tax purposes;
- Taxable and nontaxable fringe benefits, except fringe benefits described in section 132; and
- Foregone interest on loans.

Intent to treat benefits as compensation.

An economic benefit isn't treated as consideration for the performance of services unless the organization providing the benefit clearly indicates its intent to treat the benefit as compensation when the benefit is paid.

An applicable tax-exempt organization (or entity that it controls) is treated as clearly indicating its intent to provide an economic benefit as compensation for services only if the organization provides written substantiation that is contemporaneous with the transfer of the economic benefits under consideration.

Ways to provide contemporaneous written substantiation of its intent to provide an economic benefit as compensation include:

- The organization produces a signed written employment contract;
- The organization reports the benefit as compensation on an original Form W-2, Form 1099, or Form 990, or on an amended form filed before starting an IRS examination; or
- The disqualified person reports the benefit as income on the person's original Form 1040 or 1040-SR, or on an amended form filed before starting an IRS examination.

Exception. If the economic benefit is excluded from the disqualified person's gross income for income tax purposes, the applicable tax-exempt organization isn't required to indicate its intent to provide an economic benefit as compensation for services.

Rebuttable presumption that a transaction isn't an excess benefit transaction.

Payments under a compensation arrangement are presumed to be reasonable and the transfer of property (or right to use property) is presumed to be at fair market value, if the following three conditions are met.

1. The transaction is approved in advance by an authorized body of the organization (or an entity it controls) which is composed of individuals who don't have a conflict of interest concerning the transaction.
2. Before making its determination, the authorized body obtained and relied upon appropriate data as to comparability. (There is a special safe harbor for small organizations. If the organization has gross receipts of less than \$1 million, appropriate comparability data includes data on

compensation paid by three comparable organizations in the same or similar communities for similar services.)

3. The authorized body adequately documents the basis for its determination concurrently with making that determination. The documentation should include:
 - a. The terms of the approved transaction and the date approved,
 - b. The members of the authorized body who were present during debate on the transaction that was approved and those who voted on it,
 - c. The comparability data obtained and relied upon by the authorized body and how the data was obtained,

- d. Any actions by a member of the au-thorized body having conflict of interest, and
- e. Documentation of the basis of the determination before the later of the next meeting of the authorized body or 60 days after the final actions of the authorized body are taken, and approval of records as reasonable, accurate, and complete within a reasonable time thereafter.

Disregarded benefits. The following economic benefits are disregarded for section 4958 purposes.

- Nontaxable fringe benefits that are excluded from income under section 132.
- Benefits provided to a volunteer for the organization if the benefit is provided to the general public in exchange for a

membership fee or contribution of \$75 or less.

- Benefits provided to a member of an organization due to the payment of a membership fee or to a donor as a result of a deductible contribution, if a significant number of disqualified persons make similar payments or contributions and are offered a similar economic benefit.
- Benefits provided to a person solely as a member of a charitable class that the applicable tax-exempt organization intends to benefit as part of the accomplishment of its exempt purpose.
- A transfer of an economic benefit to or for the use of a governmental unit, as defined in section 170(c)(1), if exclusively for public purposes.

Special exception for initial contracts.

Section 4958 doesn't apply to any fixed payment made to a person under an initial contract.

A fixed payment is an amount of cash or other property specified in the contract, or determined by a fixed formula that is specified in the contract, which is to be paid or transferred in exchange for the provision of specified services or property.

A fixed formula can, generally, incorporate an amount that depends upon future specified events or contingencies, as long as no one has discretion when calculating the amount of a payment or deciding whether to make a payment (such as a bonus).

An initial contract is a binding written contract between an applicable tax-exempt organization and a person who wasn't a disqualified person immediately before entering into the contract.

A binding written contract, providing it can be terminated or canceled by the applicable tax-exempt organization without the other party's consent (except as a result of substantial nonperformance) and without substantial penalty, is treated as a new contract, as of the earliest date any termination or cancellation would be effective. Also, if the parties make a material change to a contract, which includes an extension or renewal of the contract (except for an extension or renewal resulting from the exercise of an option by the disqualified person), or a more than incidental change to the amount payable under the contract, it is treated as a new contract as of the effective date of the material change.

More information. For more information, see the Instructions for Forms 990 and 4720.

Excess Business Holdings

General rule. Private foundations are generally not permitted to hold more than a 20% interest in an unrelated business enterprise. They may be subject to an excise tax on the amount of any excess business holdings. For purposes of section 4943, for tax years beginning after August 17, 2006, donor advised funds and certain supporting organizations are considered private foundations.

Exception under section 4943(g). Section 4943(g) added by the Bipartisan Budget Act of 2018, P.L. No. 115-123, 132 Stat. 64 (2018), provides an exception for certain limited holdings to independently operated businesses. In general, the excess business holdings provisions of section 4943(a) shall not apply with respect to the holdings of a private foundation in any business enterprise which meets all the requirements of section 4943(g)(2), (3), and (4).

The requirements of section 4943(g)(2) are met if:

1. 100% of the voting stock in the business enterprise is held by the private foundation at all times during the tax year, and
2. All of the private foundation's ownership interests were acquired by means other than purchase, such as a gift or bequest.

The requirements of section 4943(g)(3) are met if the business enterprise, no later than 120 days after the close of the tax year, distributes an amount equal to its net operating income for such tax year to the private foundation. For purposes of section 4943(g), the net operating income of any business enterprise for any tax year is an amount equal to the gross income of the business enterprise for the tax year, reduced by the sum of:

1. The deductions allowed by chapter 1 of the Code for the tax year that are directly connected with the production of such income,
2. The tax imposed by chapter 1 of the Code on the business enterprise for the tax year, and
3. An amount for a reasonable reserve for working capital and other business needs of the business enterprise.

The requirements of section 4943(g)(4) are met if, at all times during the tax year:

1. No substantial contributor (as defined in section 4958(c)(3)(C)) to the private foundation or family member (as determined under section 4958(f)(4)) of such a contributor is a director, officer, trustee, manager, employee, or contractor of the business enterprise (or an individual

having powers or responsibilities similar to any of the foregoing);

2. At least a majority of the board of directors of the private foundation are persons who are not (i) directors or officers of the business enterprise, or (ii) family members of a substantial contributor to the private foundation; and
3. There is no loan outstanding from the business enterprise to a substantial contributor to the private foundation or to any family member of such a contributor.

This provision does not apply to any donor advised fund treated as a private foundation by section 4943(e), a supporting organization treated as a private foundation by section 4943(f), a trust described in section 4947(a)(1), or a trust described in section 4947(a)(2).

Section 4943(g) shall apply to tax years beginning after December 31, 2017.

Donor advised fund. In general, a donor advised fund is a fund or account separately identified by reference to contributions of a donor or donors that is owned and controlled by a sponsoring organization and for which the donor has or expects to have advisory privileges concerning the distribution or investment of the funds.

Supporting organizations. Only certain supporting organizations are subject to the excess business holdings tax under section 4943. These include (1) Type III supporting organizations that aren't functionally integrated and (2) Type II supporting organizations that accept any gift or contribution from a person who alone or in connection with a related party controls the supported organization that the Type II supporting organization supports.

Taxes. A private foundation that has excess holdings in a business enterprise may become liable for an excise tax based on the amount of holdings. The initial tax is 10% (5% for tax years beginning before August 18, 2006) of the value of the excess holdings and is imposed on the last day of each tax year that ends during the taxable period. The excess holdings are determined on the day during the tax year when they were the largest.

A foundation that fails to correct the excess business holdings becomes liable for an additional tax of 200% of the remaining excess business holdings as of the earlier of tax assessment or mailing of a notice of deficiency.

For more information on the tax on excess business holdings, see the Instructions for Form 4720.

Taxable Distributions of Sponsoring Organizations

An excise tax under section 4966 is imposed on a sponsoring organization for each taxable distribution it makes from a donor advised fund. An excise tax is also imposed on any fund manager of the sponsoring organization who agreed to the making of a distribution, knowing that it is a taxable distribution.

Taxable distribution. A taxable distribution is any distribution from a donor advised fund to any natural person or to any other person if:

1. The distribution is for any purpose other than one specified in section 170(c)(2)(B), or
2. The sponsoring organization maintaining the donor advised fund doesn't exercise expenditure responsibility with respect to the distribution in accordance with section 4945(h).

However, a taxable distribution doesn't include a distribution from a donor advised fund to:

- Any organization described in section 170(b)(1)(A) (other than a disqualified supporting organization),
- The sponsoring organization of the donor advised fund, or
- Any other donor advised fund.

The tax on taxable distributions applies to distributions occurring in tax years beginning after August 17, 2006.

Sponsoring organization. A sponsoring organization is a section 170(c) organization that is neither a government organization (as referred to in section 170(c)(1) and (2)(A)) nor a private foundation.

Donor advised fund. A donor advised fund is a fund or account:

1. Which is separately identified by reference to contributions of a donor or donors,
2. Which is owned and controlled by a sponsoring organization, and
3. For which the donor (or any person appointed or designated by the donor) has or expects to have advisory privileges concerning the distribution or investment of the funds held in the donor advised funds or accounts because of the donor's status as a donor.

Exception. A donor advised fund doesn't include:

1. A fund or account that makes distributions only to a single identified organization or governmental entity; or
2. Any fund or account for a person described in 3 above that gives advice

about which individuals receive grants for travel, study, or similar purposes, if the following three requirements are met:

- a. The person's advisory privileges are performed exclusively by such person in their capacity as a committee member of which all the committee members are appointed by the sponsoring organization,
- b. No combination of persons with advisory privileges, described in 3 above, or persons related to those in 3 above directly or indirectly control the committee, and
- c. All grants from the fund or account are awarded on an objective and nondiscriminatory basis according to a procedure approved in advance by the

board of directors of the sponsoring organization. The procedure must be designed to ensure that all grants meet the requirements of section 4945(g)(1), (2), or (3).

Disqualified supporting organization. A disqualified supporting organization includes (1) a Type III supporting organization that isn't functionally integrated, and (2) any supporting organization where the donor or donor advisor (and any related parties) directly or indirectly controls a supported organization of the supporting organization.

Tax on sponsoring organization.

A tax of 20% of the amount of each taxable distribution is imposed on the sponsoring organization.

Tax on fund manager. If a tax is imposed on a taxable distribution of the sponsoring organization, a tax of 5% of the distribution will be imposed on any fund manager who

agreed to the distribution knowing that it was a taxable distribution. Any fund manager who took part in the distribution and is liable for the tax must pay the tax. The maximum amount of tax on all fund managers for any one taxable distribution is \$10,000. If more than one fund manager is liable for tax on a taxable distribution, all such managers are jointly and severally liable for the tax.

For more information on the tax on taxable distributions of sponsoring organizations, see the Instructions for Form 4720.

Taxes on Prohibited Benefits Resulting from Donor Advised Fund Distributions

Prohibited benefit. If any donor, donor advisor, or related party advises the sponsoring organization about making a distribution which results in a donor, donor advisor, or related party receiving

(either directly or indirectly) a more than incidental benefit, then such benefit is a prohibited benefit.

The tax on prohibited benefits applies to distributions occurring in tax years beginning after August 17, 2006.

Donor advisor. A donor advisor is any person appointed or designated by a donor to advise a sponsoring organization on the distribution or investment of amounts held in the donor's fund or account.

Related party. A related party includes any family member or 35% controlled entity. See the definition of those terms under Disqualified Person, earlier.

Tax on donor, donor advisor, or related person. A tax of 125% of the benefit resulting from the distribution is imposed on both the party who advised as to the distribution (which might be a donor, donor

advisor, or related party) and the party who received such benefit (which might be a donor, donor advisor, or related party).

The advisor and the party who received the benefit are jointly and severally liable for the tax.

Tax on fund managers. If a tax is imposed on a prohibited benefit received by a donor, donor advisor, or related person, a tax of 10% of the amount of the prohibited benefit is imposed on any fund manager who agreed to the distribution knowing that it would confer a prohibited benefit. Any fund manager who took part in the distribution and is liable for the tax must pay the tax. The maximum amount of tax on all fund managers for any one taxable distribution is \$10,000. If more than one fund manager is liable for tax on a taxable distribution, all such managers are jointly and severally liable for the tax.

Exception. If a person engaged in an excess benefit transaction and received a prohibited benefit for the same transaction, the person is taxed under section 4958, and no tax is imposed under section 4967 for a prohibited benefit.

For more information on taxes on prohibited benefits distributed from donor advised funds, see the Instructions for Form 4720.

Excise Taxes on Private Foundations

There is an excise tax on the net investment income of most domestic private foundations. Capital gains from appreciation are included in the tax base on private foundation net investment income. This tax must be reported on Form 990-PF and must be paid annually at the time for filing that return or in quarterly estimated tax payments if the total tax for

the year (section 4940 tax minus credits) is \$500 or more. Form 990-W is used to calculate the estimated tax.

In addition, there are several other rules that apply to excise taxes on private foundations. These include:

1. Restrictions on self-dealing between private foundations and their substantial contributors and other disqualified persons,
2. Requirements that the foundation annually distribute income for charitable purposes,
3. Limits on their holdings in any business enterprise (see Excess Business Holdings, earlier),
4. Provisions that investments mustn't jeopardize the carrying out of exempt purposes, and

5. Provisions to assure that expenditures further the organization's exempt purposes.

Violations of these provisions give rise to taxes and penalties against the private foundation and, in some cases, its managers, its substantial contributors, and certain related persons.

For more information on the excise taxes imposed on private foundations, see the Instructions for Form 4720 and the Instructions for Form 990-PF.

Excise Taxes on Black Lung Benefit Trusts

A black lung benefit trust that makes any expenditures, payments, or investments other than those described in chapter 4 under 501(c)(21) Black Lung Benefit Trusts must pay a tax equal to 10% of the amount of such expenditures. If there are any acts of self-dealing between the trust and a disqualified

person, a tax equal to 10% of the amount involved is imposed on the disqualified person. Both of these excise taxes are reported on Form 6069. See the Instructions for Form 6069 and Form 990 for more information on these taxes and what has to be filed, even if the trust is excepted from filing.

Excise Tax on Failure To Meet the Community Health Needs Assessment Requirements

For tax years beginning after March 23, 2012, new section 4959 imposes an excise tax on hospital organizations which fail to meet certain section 501(r) requirements for each of their hospital facilities. These entities must meet section 501(r)(3) requirements at all times during their tax year.

Section 501(r)(3) requirements pertain to a hospital organization preparing a community health needs assessment (CHNA). See Schedule H, Hospitals (Form 990), for details.

Excise Tax on Executive Compensation

New section 4960 imposes an excise tax on an organization that pays to any covered employee more than \$1 million in remuneration or pays an excess parachute payment during the year starting in 2018. See section 4960 and Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code, final regulations TD 9938 (Regulations sections 53.4960-0 through 53.4960-6), and Notice 2019-09, 2019-04 I.R.B. 403, for more information.

Excise Tax on Net Investment Income of Certain Colleges and Universities

New section 4968 imposes an excise tax on the net investment income of certain private colleges and universities. A private college or university will be subject to the excise tax on net investment income under section 4968 if four tests are met.

1. The organization must be an eligible educational institution as defined in section 25A(f)(2). Section 25A(f)(2) defines “eligible educational institution” as an institution that is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. section 1088), as in effect on August 5, 1997, and is eligible to participate in a program under Title IV of such Act (20 U.S.C. sections 1070 et seq.).

2. The organization must have had at least 500 tuition-paying students, based upon a daily average student count, during the preceding tax year.
3. More than 50% of those students must have been located in the United States.
4. The aggregate fair market value, at the end of the preceding tax year, of the assets not used directly in carrying out the organization's exempt purpose, held by the organization and related organizations, must be at least \$500,000 per student.

See the Instructions for Form 990, Part V, Line 16 for more information about organizations subject to the excise tax. See Instructions for Form 4720, Schedule O, and final regulations TD 9917 (Regulations sections 53.4968-1 through 53.4968-4) for more information about calculating the excise tax.

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) to find resources that can help you right away.

Preparing and filing your tax return.

After receiving all your wage and earnings statements (Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

Free options for tax preparation. Go to [IRS.gov](https://www.irs.gov) to see your options for preparing and filing your return online or in your local community, if you qualify, which include the following.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using brand-name tax-preparation-and-filing software or Free File fillable forms. However, state tax preparation may not be available through Free File. Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to [IRS.gov/VITA](https://www.irs.gov/VITA), download the free

IRS2Go app, or call 800-906-9887 for information on free tax return preparation.

- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to [IRS.gov/TCE](https://www.irs.gov/TCE), download the free IRS2Go app, or call 888-227-7669 for information on free tax return preparation.
- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military OneSource. For more information, go to [MilitaryOneSource \(MilitaryOneSource.mil/MilTax\)](https://MilitaryOneSource.MilitaryOneSource.mil/MilTax).

Also, the IRS offers Free Fillable Forms, which can be completed online and then filed electronically regardless of income.

Using online tools to help prepare your return. Go to [IRS.gov/Tools](https://www.irs.gov/Tools) for the following.

- The [Earned Income Tax Credit Assistant](https://www.irs.gov/EITCAssistant) ([IRS.gov/EITCAssistant](https://www.irs.gov/EITCAssistant)) determines if you're eligible for the earned income credit (EIC).
- The [Online EIN Application](https://www.irs.gov/EIN) ([IRS.gov/EIN](https://www.irs.gov/EIN)) helps you get an employer identification number (EIN) at no cost.
- The [Tax Withholding Estimator](https://www.irs.gov/W4app) ([IRS.gov/W4app](https://www.irs.gov/W4app)) makes it easier for you to estimate the federal income tax you want your employer to withhold from your paycheck. This is tax withholding. See how your withholding affects your refund, take-home pay, or tax due.

- The [First-Time Homebuyer Credit Account Look-up](https://www.irs.gov/first-time-homebuyer-credit-account-look-up) ([IRS.gov/HomeBuyer](https://www.irs.gov/HomeBuyer)) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator](https://www.irs.gov/sales-tax-deduction-calculator) ([IRS.gov/SalesTax](https://www.irs.gov/SalesTax)) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).



Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](https://www.irs.gov/help): A variety of tools to help you get answers to some of the most common tax questions.
- [IRS.gov/ITA](https://www.irs.gov/ita): The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax law topics.

- [IRS.gov/Forms](https://www.irs.gov/forms): Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

Need someone to prepare your tax return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).

Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [*Tips for Choosing a Tax Preparer*](#) on IRS.gov.

Coronavirus. Go to [*IRS.gov/Coronavirus*](#) for links to information on the impact of the coronavirus, as well as tax relief available for individuals and families, small and large businesses, and tax-exempt organizations.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at [*SSA.gov/ employer*](#) for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals

who process Form W-2, Wage and Tax Statement, and Form W-2c, Corrected Wage and Tax Statement.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://www.youtube.com/irsvideos).
- [Youtube.com/irsvideosmultilingua](https://www.youtube.com/irsvideosmultilingua).
- [Youtube.com/irsvideosASL](https://www.youtube.com/irsvideosASL).

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/irs-videos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages.

You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving our multilingual customers by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), other IRS offices, and every VITA/TCE return site.

The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services

can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp).

Note. Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.
- Braille.
- Audio (MP3).
- Plain Text File (TXT).
- Braille Ready File (BRF).

Disasters. Go to [*Disaster Assistance and Emergency Relief for Individuals and Businesses*](#) to review the available disaster tax relief.

Getting tax forms and publications. Go to [*IRS.gov/Forms*](#) to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to [*IRS.gov/OrderForms*](#) to place an order.

Getting tax publications and instructions in eBook format. You can also download and view popular tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at [*IRS.gov/eBooks*](#).

Note. IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Access your online account (individual taxpayers only). Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.
- Make a payment or view 5 years of payment history and any pending or scheduled payments.
- Access your tax records, including key data from your most recent tax return, and transcripts.
- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.
- View your address on file or manage your communication preferences.

Tax Pro Account. This tool lets your tax professional submit an authorization request to access your individual taxpayer [IRS online account](#). For more information, go to [IRS.gov/TaxProAccount](#).

Using direct deposit. The fastest way to receive a tax refund is to file electronically and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. If you don't have a bank account, go to [IRS.gov/DirectDeposit](#) for more information on where to find a bank or credit union that can open an account online.

Getting a transcript of your return. The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](#). Click on either "Get Transcript Online" or "Get

Transcript by Mail” to order a free copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn’t initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.

- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to [IRS.gov/IPPIN](https://www.irs.gov/IPPIN).

Ways to check on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).

- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

Note. The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

Making a tax payment. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment using any of the following options.

- [IRS Direct Pay](#): Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- [Debit or Credit Card](#): Choose an approved payment processor to pay online or by phone.

- [Electronic Funds Withdrawal](#): Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System](#): Best option for businesses. Enrollment is required.
- [Check or Money Order](#): Mail your payment to the address listed on the notice or instructions.
- [Cash](#): You may be able to pay your taxes with cash at a participating retail store.
- [Same-Day Wire](#): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app

are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can't pay now? Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](https://www.irs.gov/OPA) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier](https://www.irs.gov/OIC) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://www.irs.gov/OIC).

Filing an amended return. Go to [IRS.gov/Form1040X](https://www.irs.gov/Form1040X) for information and updates.

Checking the status of your amended return. Go to [IRS.gov/WMAR](https://www.irs.gov/WMAR) to track the status of Form 1040-X amended returns.

Note. It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you've received. Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

Note. You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multi-year timeline that is scheduled to begin providing translations in 2024.

You will continue to receive communications, including notices and letters in English until they are translated to your preferred language.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS TAC. Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/ TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [*Taxpayer Bill of Rights*](#).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [*TaxpayerAdvocate.IRS.gov*](#) to help you understand what these rights mean to you and how they apply. These are ***your*** rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico.](#)

Your local advocate's number is in your local directory and at

[TaxpayerAdvocate.IRS.gov/Contact-Us](https://taxpayeradvocate.irs.gov/Contact-Us). You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, report it to them at [IRS.gov/SAMS](https://irs.gov/SAMS).

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax

collection disputes. In addition, LITCs can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee for eligible taxpayers. To find an LTC near you, go to TaxpayerAdvocate.IRS.gov/about-us/LowIncome-Taxpayer-Clinics-LITC or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).

To help us develop a more useful index, please let us know if you have ideas for index entries. **Index** See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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Organization Reference Chart

Section of 1986 Code	Description of organization	General nature of activities	Application Form ¹	Annual return required to be filed	Contributions allowable
501(c)(1)	Corporations Organized under Act of Congress (including Federal Credit Unions)	Instrumentalities of the United States	No Form	None	Yes, if made for exclusively public purposes
501(c)(2)	Title Holding Corporation For Exempt Organization	Holding title to property of an exempt organization and distributing net income to it	1024	990 ² or 990-EZ ⁹	No ³
501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations	Activities of nature implied by description of class of organization	1023, 1023-EZ	990 ² or 990-EZ ⁹ , or 990-PF	Yes, generally
501(c)(4)	Civic Leagues, Social Welfare Organizations; and Local Associations of Employees	Promotion of community welfare; charitable, educational, or recreational	Must provide notice on Form 8976; may also submit Form 1024-A	990 ² or 990-EZ ⁹	No, generally ^{3,4}
501(c)(5)	Labor, Agricultural, and Horticultural Organizations	Educational or instructive, the purpose being to improve conditions of work, and to improve products and/or efficiency	1024	990 ² or 990-EZ ¹	No ³
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards, etc.	Improvement of business conditions of one or more lines of business	1024	990 ² or 990-EZ ⁹	No ³
501(c)(7)	Social and Recreational Clubs	Pleasure, recreation, social activities	1024	990 ² or 990-EZ ⁹	No ³
501(c)(8)	Fraternal Beneficiary Societies and Associations	Providing for payment of life, sickness, accident or other benefits to members within a lodge system	1024	990 ² or 990-EZ ⁹	Yes, if for certain Sec. 501(c)(3) purposes
501(c)(9)	Voluntary Employees Beneficiary Associations	Employee association providing for payment of life, sickness, accident, or other benefits to members	1024	990 ² or 990-EZ ⁹	No ³
501(c)(10)	Domestic Fraternal Societies and Associations	Earnings devoted to charitable, fraternal, and other specified purposes within a domestic lodge system. No benefits to members	1024	990 ² or 990-EZ ⁹	Yes, if for certain Sec. 501(c)(3) purposes
501(c)(11)	Teachers' Retirement Fund Associations	Teachers' association for payment of retirement benefits	1024 ⁷	990 ² or 990-EZ ⁹	No ³
501(c)(12)	Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, and Like Organizations	Activities of a mutual or cooperative nature	1024	990 ² or 990-EZ ⁹	No ³
501(c)(13)	Cemetery Companies	Burials and incidental activities	1024	990 ² or 990-EZ ⁹	Yes, generally
501(c)(14)	State-Chartered Credit Unions, Mutual Reserve Funds	Loans to members	1024 ⁷	990 ² or 990-EZ ⁹	No ³
501(c)(15)	Mutual Insurance Companies or Associations	Providing insurance to members substantially at cost	1024	990 ² or 990-EZ ⁹	No ³
501(c)(16)	Cooperative Organizations to Finance Crop Operations	Financing crop operations in conjunction with activities of a marketing or purchasing association	Form 1120-C, 1024 ⁷	990 ² or 990-EZ ⁹	No ³
501(c)(17)	Supplemental Unemployment Benefit Trusts	Provides for payment of supplemental unemployment compensation benefits	1024	990 ² or 990-EZ ⁹	No ³
501(c)(18)	Employee Funded Pension Trust (created before June 25, 1959)	Payment of benefits under a pension plan funded by employees	1024 ⁷	990 ² or 990-EZ ⁹	No ³
501(c)(19)	Post or Organization of Past or Present Members of the Armed Forces	Activities implied by nature of organization	1024	990 ² or 990-EZ ⁹	No, generally ⁸
501(c)(21)	Black Lung Benefit Trusts	Funded by coal mine operators to satisfy their liability for disability or death due to black lung diseases	1024 ⁷	990	No ⁵

Section of 1986 Code	Description of organization	General nature of activities	Application Form ¹	Annual return required to be filed	Contributions allowable
501(c)(22)	Withdrawal Liability Payment Fund	To provide funds to meet the liability of employers withdrawing from a multi-employer pension fund	1024 ⁷	990 ² or 990-EZ ⁹	No ⁶
501(c)(23)	Veterans' Organization (created before 1880)	To provide insurance and other benefits to veterans	1024 ⁷	990 ² or 990-EZ ⁹	No, generally ⁸
501(c)(25)	Title Holding Corporations or Trusts with Multiple Parent Corporations	Holding title and paying over income from real property to 35 or fewer parents or beneficiaries	1024	990 ² or 990-EZ ⁹	No
501(c)(26)	State-Sponsored Organization Providing Health Coverage for High-Risk Individuals	Provides health care coverage to high-risk individuals	1024 ⁷	990 ² or 990-EZ ⁹	No
501(c)(27)	State-Sponsored Workers' Compensation Reinsurance Organization	Reimburses members for losses under workers' compensation acts	1024 ⁷	990 ² or 990-EZ ⁹	No
501(c)(28)	National Railroad Retirement Investment Trust	Manages and invests the assets of the Railroad Retirement Account	1024	990 ¹²	No ¹²
501(c)(29)	CO-OP health insurance issuers	A qualified health insurance issuer which has received a loan or grant under the CO-OP program	1024 and Form 8718 ¹⁵	990 ²	No ¹⁴
501(d)	Religious and Apostolic Associations	Regular business activities; Communal religious community	1024	1065 ¹⁰	No ³
501(e)	Cooperative Hospital Service Organizations	Performs cooperative services for hospitals	1023	990 ² or 990-EZ ⁹	Yes
501(f)	Cooperative Service Organizations of Operating Educational Organizations	Performs collective investment services for educational organizations	1023	990 ² or 990-EZ ⁹	Yes
501(k)	Child Care Organizations	Provides care for children	1023	990 ² or 990-EZ ⁹	Yes
501(n)	Charitable Risk Pools	Pools certain insurance risks of sec. 501(c)(3) organizations	1023	990 ² or 990-EZ ⁹	Yes
501(q)	Credit Counseling Organization	Credit counseling services	1023	990 ¹³	No
521(a)	Farmers' Cooperative Associations	Cooperative marketing and purchasing for agricultural procedures	1028 or 1024	1120-C	No
527	Political organizations	A party, committee, fund, association, etc., that directly or indirectly accepts contributions or makes expenditures for political campaigns	8871	1120-POL ¹¹ 990 ² or 990-EZ ⁹	No
¹ Most 501(c) organizations, other than those described in sections 501(c)(3) (exceptions apply), (9), and (17), may, but are not required to, submit an application for recognition of tax-exempt status from the IRS. These organizations may self-declare their tax exempt status by operating within the requirements of the applicable code section and filing the required annual returns or notices.					
² For exceptions to the filing requirement, see chapter 2 and the form instructions. Note: For annual tax periods beginning after 2006, most tax-exempt organizations, other than churches, are required to file an annual Form 990, 990-EZ, or 990-PF with the IRS or to submit an annual electronic notice, Form 990-N (<i>e-Postcard</i>), to the IRS. Tax-exempt organizations failing to file an annual return or submit an annual notice as required for 3 consecutive years will automatically lose their tax-exempt status. See form instructions as to which 990 series, and other series, forms, after the Taxpayer First Act, are required to be filed electronically.					
³ An organization exempt under a subsection of section 501 other than 501(c)(3) can establish a charitable fund, contributions to which are deductible. Such a fund must itself meet the requirements of section 501(c)(3) and the related notice requirements of section 508(a).					
⁴ Contributions to volunteer fire companies and similar organizations are deductible, but only if made for exclusively public purposes.					
⁵ Deductible as a business expense to the extent allowed by section 192.					
⁶ Deductible as a business expense to the extent allowed by section 194A.					
⁷ Reserved					
⁸ Contributions to these organizations are deductible only if 90% or more of the organization's members are war veterans.					
⁹ For limits on the use of Form 990-EZ, see chapter 2 and the general instructions for Form 990-EZ (or Form 990).					
¹⁰ Although the organization files a partnership return, all distributions are deemed dividends. The members aren't entitled to pass through treatment of the organization's income or expenses.					
¹¹ Form 1120-POL is required only if the organization has taxable income as defined in section 527(c).					
¹² Only required to annually file so much of the Form 990 that relates to the names and addresses of the officers, directors, trustees, and key employees, and their titles, compensation, and hours devoted to their positions (Part VII of Form 990), and to complete Item I in the Heading of Form 990 to confirm its tax-exempt status under section 501(c)(28).					
¹³ See section 501(q) if the organization provides credit counseling services and seeks recognition of exemption under section 501(c)(4). Use Form 1024-A if applying for recognition under section 501(c)(4).					
¹⁴ See section 501(c)(29) for details.					
¹⁵ See Rev. Proc. 2015-17, sec. 4.01, 2015-7 I.R.B. 599, as modified and superseded by Rev. Proc. 2022-8, for details.					

Appendix. Sample Articles of Organization

The following are examples of Articles of Incorporation (Draft A) and a declaration of trust (Draft B) that contain the required information as to purposes and powers of an organization and disposition of its assets upon dissolution. You should bear in mind that requirements for these instruments may vary under applicable state law.

See [Private Foundations and Public Charities](#), earlier for the special provisions required in a private foundation's governing instrument in order for it to qualify for exemption.

DRAFT A

Articles of Incorporation of the undersigned, a majority of whom are citizens of the United States, desiring to form a Non-Profit Corporation under the Non-Profit Corporation Law of _____, do hereby certify:

First: The name of the Corporation shall be _____.

Second: The place in this state where the principal office of the Corporation is to be located is the City of _____, _____ County.

Third: Said corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Fourth: The names and addresses of the persons who are the initial trustees of the corporation are as follows:
Name _____, Address _____

Fifth: No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

If reference to federal law in articles of incorporation imposes a limitation that is invalid in your state, you may wish to substitute the following for the last sentence of the preceding paragraph: "Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that aren't in furtherance of the purposes of this corporation."

Sixth: Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

In witness whereof, we have hereunto subscribed our names this _____ day of _____, 20____.

Appendix. Sample Articles of Organization, *continued*

Draft B

The _____ Charitable Trust. Declaration of Trust made as of the _____ day of _____, 20____, by _____, of _____, and _____, of _____, who hereby declare and agree that they have received this day from _____, as Donor, the sum of Ten Dollars (\$10) and that they will hold and manage the same, and any additions to it, in trust, as follows:

First: This trust shall be called "The _____ Charitable Trust."

Second: The trustees may receive and accept property, whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust, or corporation, to be held, administered, and disposed of in accordance with and pursuant to the provisions of this Declaration of Trust; but no gift, bequest, or devise of any such property shall be received and accepted if it is conditioned or limited in such manner as to require the disposition of the income or its principal to any person or organization other than a "charitable organization" or for other than "charitable purposes" within the meaning of such terms as defined in Article Third of this Declaration of Trust, or as shall, in the opinion of the trustees, jeopardize the federal income tax exemption of this trust pursuant to section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Third:

- a) The principal and income of all property received and accepted by the trustees to be administered under this Declaration of Trust shall be held in trust by them, and the trustees may make payments or distributions from income or principal, or both, to or for the use of such charitable organizations, within the meaning of that term as defined in paragraph C, in such amounts and for such charitable purposes of the trust as the trustees shall from time to time select and determine; and the trustees may make payments or distributions from income or principal, or both, directly for such charitable purposes, within the meaning of that term as defined in paragraph D, in such amounts as the trustees shall from time to time select and determine without making use of any other charitable organization. The trustees may also make payments or distributions of all or any part of the income or principal to states, territories, or possessions of the United States, any political subdivision of any of the foregoing, or to the United States or the District of Columbia but only for charitable purposes within the meaning of that term as defined in paragraph D. Income or principal derived from contributions by corporations shall be distributed by the trustees for use solely within the United States or its possessions. No part of the net earnings of this trust shall inure or be payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of this trust shall be the carrying on of propaganda, or otherwise attempting to influence legislation. No part of the activities of this trust shall be the participation in, or intervention in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.
- b) The trust shall continue forever unless the trustees terminate it and distribute all of the principal and income, which action may be taken by the trustees in their discretion at any time. On such termination, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. The donor authorizes and empowers the trustees to form and organize a nonprofit corporation limited to the uses and purposes provided for in this Declaration of Trust, such corporation to be organized under the laws of any state or under the laws of the United States as may be determined by the trustees; such corporation when organized to have power to administer and control the affairs and property and to carry out the uses, objects, and purposes of this trust. Upon the creation and organization of such corporation, the trustees are authorized and empowered to convey, transfer, and deliver to such corporation all the property and assets to which this trust may be or become entitled. The charter, bylaws, and other provisions for the organization and management of such corporation and its affairs and property shall be such as the trustees shall determine, consistent with the provisions of this paragraph.

- c) In this Declaration of Trust and in any amendments to it, references to "charitable organizations" or "charitable organization" mean corporations, trusts, funds, foundations, or community chests created or organized in the United States or in any of its possessions, whether under the laws of the United States, any state or territory, the District of Columbia, or any possession of the United States, organized and operated exclusively for charitable purposes, no part of the net earnings of which inures or is payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, and which don't participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office. It is intended that the organization described in this paragraph C shall be entitled to exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.
- d) In this Declaration of Trust and in any amendments to it, the term "charitable purposes" shall be limited to and shall include only religious, charitable, scientific, literary, or educational purposes within the meaning of those terms as used in section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, but only such purposes as also constitute public charitable purposes under the law of trusts of the State of _____.

Fourth: This Declaration of Trust may be amended at any time or times by written instrument or instruments signed and sealed by the trustees, and acknowledged by any of the trustees, provided that no amendment shall authorize the trustees to conduct the affairs of this trust in any manner or for any purpose contrary to the provisions of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. An amendment of the provisions of this Article Fourth (or any amendment to it) shall be valid only if and to the extent that such amendment further restricts the trustees' amending power. All instruments amending this Declaration of Trust shall be noted upon or kept attached to the executed original of this Declaration of Trust held by the trustees.

Fifth: Any trustee under this Declaration of Trust may, by written instrument, signed and acknowledged, resign his office. The number of trustees shall be at all times not less than two, and whenever for any reason the number is reduced to one, there shall be, and at any other time there may be, appointed one or more additional trustees. Appointments shall be made by the trustee or trustees for the time in office by written instruments signed and acknowledged. Any succeeding or additional trustee shall, upon his or her acceptance of the office by written instrument signed and acknowledged, have the same powers, rights, and duties, and the same title to the trust estate jointly with the surviving or remaining trustee or trustees as if originally appointed.

None of the trustees shall be required to furnish any bond or surety. None of them shall be responsible or liable for the acts or omissions of any other of the trustees or of any predecessor or of a custodian, agent, depository, or counsel selected with reasonable care.

The one or more trustees, whether original or successor, for the time being in office, shall have full authority to act even though one or more vacancies may exist. A trustee may, by appropriate written instrument, delegate all or any part of his or her powers to another or others of the trustees for such periods and subject to such conditions as such delegating trustee may determine.

The trustees serving under this Declaration of Trust are authorized to pay to themselves amounts for reasonable expenses incurred and reasonable compensation for services rendered in the administration of this trust, but in no event shall any trustee who has made a contribution to this trust ever receive any compensation thereafter.

Sixth: In extension and not in limitation of the common law and statutory powers of trustees and other powers granted in this Declaration of Trust, the trustees shall have the following discretionary powers.

- a) To invest and reinvest the principal and income of the trust in such property, real, personal, or mixed, and in such manner as they shall deem proper, and from time to time to change investments as they shall deem advisable; to invest in or retain any stocks, shares, bonds, notes, obligations, or personal or real property (including without limitation any interests in or obligations of any corporation, association, business trust, investment trust, common trust fund, or investment company) although some or all of the property so acquired or retained is of a kind or size which but for this express authority wouldn't be considered proper and although all of the trust funds are invested in the securities of one company. No principal or income, however, shall be loaned, directly or indirectly, to any trustee or to anyone else, corporate or otherwise, who has at any time made a contribution to this trust, nor to anyone except on the basis of an adequate interest charge and with adequate security.
- b) To sell, lease, or exchange any personal, mixed, or real property, at public auction or by private contract, for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertakings relating to the trust property, as they consider advisable, whether or not such leases or contracts may extend beyond the duration of the trust.

- c) To borrow money for such periods, at such rates of interest, and upon such terms as the trustees consider advisable, and as security for such loans to mortgage or pledge any real or personal property with or without power of sale; to acquire or hold any real or personal property, subject to any mortgage or pledge on or of property acquired or held by this trust.
- d) To execute and deliver deeds, assignments, transfers, mortgages, pledges, leases, covenants, contracts, promissory notes, releases, and other instruments, sealed or unsealed, incident to any transaction in which they engage.
- e) To vote, to give proxies, to participate in the reorganization, merger, or consolidation of any concern, or in the sale, lease, disposition, or distribution of its assets; to join with other security holders in acting through a committee, depositary, voting trustees, or otherwise, and in this connection to delegate authority to such committee, depositary, or trustees and to deposit securities with them or transfer securities to them; to pay assessments levied on securities or to exercise subscription rights in respect of securities.
- f) To employ a bank or trust company as custodian of any funds or securities and to delegate to it such powers as they deem appropriate; to hold trust property without indication of fiduciary capacity but only in the name of a registered nominee, provided the trust property is at all times identified as such on the books of the trust; to keep any or all of the trust property or funds in any place or places in the United States of America; to employ clerks, accountants, investment counsel, investment agents, and any special services, and to pay the reasonable compensation and expenses of all such services in addition to the compensation of the trustees.

Seventh: The trustees' powers are exercisable solely in the fiduciary capacity consistent with and in furtherance of the charitable purposes of this trust as specified in Article Third and not otherwise.

Eighth: In this Declaration of Trust and in any amendment to it, references to "trustees" mean the one or more trustees, whether original or successor, for the time being in office.

Ninth: Any person may rely on a copy, certified by a notary public, of the executed original of this Declaration of Trust held by the trustees, and of any of the notations on it and writings attached to it, as fully as he might rely on the original documents themselves. Any such person may rely fully on any statements of fact certified by anyone who appears from such original documents or from such certified copy to be a trustee under this Declaration of Trust. No one dealing with the trustees need inquire concerning the validity of anything the trustees purport to do. No one dealing with the trustees need see to the application of anything paid or transferred to or upon the order of the trustees of the trust.

Tenth: This Declaration of Trust is to be governed in all respects by the laws of the State of _____.

- Trustee _____
- Trustee _____

_____ ■

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To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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