

Part III - Administrative, Procedural, and Miscellaneous

Notice of Issuance of Revenue Procedure 2026-8 Regarding Group Exemption Letter Program

Notice 2026-8

SECTION I. PURPOSE

This notice discusses the comments received in response to the proposed revenue procedure set forth in Notice 2020-36, 2020-21 I.R.B. 840, along with the modifications made in response to those comments and other significant revisions made by the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) to the proposed revenue procedure, which is published in final form as Rev. Proc. 2026-8, in this Bulletin.

SECTION II. BACKGROUND

On May 18, 2020, the Treasury Department and the IRS published Notice 2020-36, which contained a proposed 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). The proposed revenue procedure provided updated procedures for a central organization described in § 501(c) of the Internal Revenue Code (Code)¹ to obtain recognition of exemption from federal income tax on a group basis for subordinate organizations described in § 501(c) that are affiliated with and under the general supervision or control of the central organization. The proposed revenue procedure also set forth updated

¹ Unless otherwise specified, all “Section” or “§” references are to sections of the Code.

procedures that a central organization would need to follow to maintain a group exemption letter. Under Notice 2020-36, the IRS stopped accepting applications for group exemption letters (group applications) starting on June 17, 2020 (30 days after the notice was published in the Internal Revenue Bulletin). As explained in section 2.08 of Rev. Proc. 2026-8, the IRS resumed accepting group applications after January 20, 2026, the date of its publication in the Internal Revenue Bulletin.

Notice 2020-36 requested comments on all aspects of the proposed revenue procedure because the Treasury Department and the IRS recognized that many of the updated provisions substantially differed from the procedures set forth in Rev. Proc. 80-27. The Treasury Department and the IRS also recognized that the new procedures might impose additional administrative burdens on existing central organizations and wanted to afford those organizations an opportunity to comment on the updated procedures. Notice 2020-36 specifically requested comments on the following:

- the administrative burden imposed by the collections of information in sections 3.02(3) (certain information a central organization that exercises general supervision over its subordinate organizations must annually collect from its subordinate organizations and transmit to its subordinate organizations), 3.05 (authorization for initial inclusion in or subsequent addition to a group exemption letter as a subordinate organization), and 6 (Supplemental Group Ruling Information or SGRI) of the proposed revenue procedure;
- factors indicating that a subordinate organization is affiliated with a central organization for purposes of section 3.02(2) of the proposed revenue

- procedure (description of affiliation); and
- whether central organizations with more than one preexisting group exemption letter would benefit from procedures permitting the consolidation or transfer of one or more preexisting group exemption letters.

SECTION III. COMMENT SUMMARY AND CHANGES TO THE PROPOSED REVENUE PROCEDURE

This section III summarizes the major provisions of the proposed revenue procedure, the substantive comments submitted in response to the proposed revenue procedure, and the material changes to the proposed revenue procedure that are incorporated in Rev. Proc. 2026-8. The Treasury Department and the IRS received 29 written comments in response to Notice 2020-36. The comments are available for public inspection upon request. Feedback in those comments informed the development of the finalized procedures in Rev. Proc. 2026-8.

.01 Minimum Number of Subordinate Organizations Requirement.

Section 3.01(2) of the proposed revenue procedure required a central organization to have at least five subordinate organizations to obtain a group exemption letter and at least one subordinate organization to maintain a group exemption letter thereafter. One commenter recommended eliminating the first requirement, stating that it would discourage the use of group exemptions by making it more difficult for a central organization to recruit enough subordinate organizations to obtain a group exemption letter.

The Treasury Department and the IRS disagree with this comment. As explained in Notice 2020-36, the requirement for a central organization to have a minimum number of subordinate organizations to obtain a group exemption letter is due to the

administrative burden that processing group applications imposes on the IRS. Notice 2020-36 noted that the administrative burden of processing one group application is comparable to the administrative burden of processing four individual exemption applications. Eliminating the requirement that a central organization have five subordinate organizations to obtain a group exemption letter would render the group exemption letter program inefficient in circumstances where a group application includes fewer than five subordinate organizations. Accordingly, section 4.01(2) of Rev. Proc. 2026-8 retains the requirement that a central organization have five subordinate organizations to obtain a group exemption letter because it appropriately balances the burdens the IRS faces in administering the group exemption letter program and the burdens central organizations face in complying with the requirements to obtain the benefits of the group exemption letter program.

.02 Central Organizations Maintaining More Than One Group Exemption Letter.

Section 3.01(3) of the proposed revenue procedure prohibited a central organization from maintaining more than one group exemption letter. Several commenters objected to this provision, claiming that it would decrease transparency and place significant administrative burdens on a central organization, particularly if coupled with the proposed revenue procedure's requirements involving matching, foundation classification, and uniform governing instruments.

As noted in Notice 2020-36, restricting the number of group exemption letters a central organization can maintain is necessary because traditionally, the IRS's electronic databases have not systematically tracked more than one group exemption letter per central organization. Moreover, maintaining more than one group exemption

letter may adversely affect a central organization's ability to exercise general supervision or control over its subordinate organizations. Accordingly, section 4.01(3) of Rev. Proc. 2026-8 continues to prohibit a central organization from maintaining more than one group exemption letter. The commenters' concerns about the administrative burden of the prohibition on maintaining more than one group exemption letter given the proposed revenue procedure's requirements involving matching, foundation classification, and uniform governing instruments are addressed by the revisions to those provisions discussed in sections III.08, III.09, and III.11 of this notice.

.03 Affiliation Requirement.

Section 3.02(1) and (2) of the proposed revenue procedure required a central organization to establish that each subordinate organization to be included in the group exemption letter is affiliated with the central organization and stated that a subordinate organization's affiliation with the central organization is demonstrated by the entirety of the information required to be submitted in section 5.03 of the proposed revenue procedure. One commenter requested more clarity regarding the standard for determining whether a subordinate organization is affiliated with a central organization. In response, section 4.02(2) of Rev. Proc. 2026-8 adds several examples illustrating how a central organization may demonstrate affiliation with its subordinate organizations, while reforming the "entirety of the information" standard regarding affiliation that is set forth in section 3.02(2) of the proposed revenue procedure into a standard that reviews all "facts and circumstances showing that [the subordinate organization] is a chapter, local, post, or unit of the central organization."

.04 General Supervision Standard.

Section 3.02(1) of the proposed revenue procedure required a central

organization to have one or more subordinate organizations under its general supervision or control. Section 3.02(3) of the proposed revenue procedure stated that the general supervision requirement is satisfied if the central organization (1) annually obtains, reviews, and retains information on the subordinate organization's finances, activities, and compliance with annual filing requirements (in accordance with section 7 of the proposed revenue procedure), and (2) transmits written information to (or otherwise educates) the subordinate organization about the requirements to maintain tax-exempt status under the applicable paragraph of § 501(c), including annual filing requirements (in accordance with section 7 of the proposed revenue procedure).

Several commenters claimed that the general supervision standard in the proposed revenue procedure was ambiguous concerning the amount and type of information a central organization must obtain, review, and retain regarding its subordinate organizations' finances, activities, and compliance with filing requirements. One commenter requested more specificity regarding the way a central organization exercises general supervision over subordinate organizations that file Form 990-N,

Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax.

To provide additional clarity and specificity, section 4.02(3)(b) of Rev. Proc. 2026-8 provides that a central organization satisfies the requirement to obtain, review, and retain information about a subordinate organization by acquiring a copy of the Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ that the subordinate organization filed with the IRS. However, section 4.02(3)(b) of Rev. Proc. 2026-8 also provides that obtaining a copy of a Form 990-N will not satisfy the central

organization's requirement to obtain, review, and retain information regarding the subordinate organization. Consequently, a central organization must obtain information about subordinate organizations that file Form 990-N in some other manner, such as by requiring additional annual written information from those subordinate organizations. Section 4.02(3)(c) of Rev. Proc. 2026-8 provides a separate rule for subordinate organizations that are not required to file an annual information return or notice. This new provision was added in response to different comments and is addressed in section III.07 of this notice.

Commenters also asked about the information a central organization must transmit to subordinate organizations regarding how to maintain tax-exempt status under § 501(c)(3). Section 4.02(3)(a)(ii) of Rev. Proc. 2026-8, like section 3.02(3)(b) of the proposed revenue procedure, is intentionally broad so as to afford a central organization flexibility in meeting the general supervision standard; however, to provide additional clarity, section 4.02(3)(a)(ii) of Rev. Proc. 2026-8 specifies that electronic delivery of such information is acceptable and that the required information must be transmitted to subordinate organizations annually. Additionally, section 4.02(5) of Rev. Proc. 2026-8 contains a new example that illustrates that one way a central organization can meet the standard in section 4.02(3)(a)(ii) of Rev. Proc. 2026-8 is to provide its subordinate organizations an electronic link to the latest version of Publication 557, *Tax-Exempt Status for Your Organization*.

Some commenters suggested that a subordinate organization should only be required to inform the central organization that it has complied with its filing obligations once every three years because § 6033(j)(1)(B) provides for the automatic revocation of

tax-exempt status of certain organizations upon the failure to file a required information return or notice for three consecutive years. This suggestion is not adopted in Rev. Proc. 2026-8 because the Treasury Department and the IRS believe that the requirement that a central organization annually obtain, review, and retain information on its subordinate organizations helps ensure the subordinate organizations are complying with their filing requirements.

.05 Control Standard.

Section 3.02(4) of the proposed revenue procedure provided that a subordinate organization is subject to a central organization's control if (1) the central organization appoints a majority of the subordinate organization's officers, directors, or trustees; or (2) a majority of the subordinate organization's officers, directors, or trustees are officers, directors, or trustees of the central organization. Some commenters claimed that this control standard was overly rigid and that compliance with it would be burdensome, particularly for a central organization with numerous subordinate organizations. One commenter asked that the final revenue procedure consider alternative governance structures that also demonstrate control by the central organization, such as cases in which the central organization must approve the election of the subordinate organization's directors. Another commenter stated that the proposed control standard was at odds with principles of union democracy and that it directly contradicts provisions of the Labor-Management Reporting and Disclosure Act² that require officers of covered unions to be elected by a secret ballot of members.

The Treasury Department and IRS agree that the control standard should not be

² Labor-Management Reporting and Disclosure Act of 1959, Public Law 86-257, 73 Stat. 519 (codified as amended in Title 29 of the United States Code).

rigid to the point of being burdensome and should be generally compatible with principles of union democracy and alternative governance structures. To provide additional flexibility to the control standard, section 4.02(4)(e) of Rev. Proc. 2026-8 adds a third way for a central organization to establish control over a subordinate organization. The central organization can establish control over the subordinate organization using a written agreement evidencing its control over the subordinate organization's activities and operations. Rev. Proc. 2026-8 does not set forth a specific level of control that must be established in the written agreement. Whether the written agreement sufficiently establishes control depends on the facts and circumstances. This expansion of the control standard should alleviate the concerns expressed by commenters regarding alternative governance structures and the Labor-Management Reporting and Disclosure Act. Specifically, the expansion permits central organizations to use a written agreement that describes an alternative governance structure to establish control over subordinate organizations that use that alternative governance structure. This expansion also permits a central organization to establish control over its subordinate organizations using a written agreement addressing aspects of the subordinate organization's activities and operations without interfering with the election of union officers.

A commenter suggested that any reference in the control standard to "a majority of officers, directors, or trustees" must be limited to those officers, directors, and trustees that have voting power because, in the commenter's view, voting power evinces control. The Treasury Department and the IRS generally agree with this comment. Accordingly, section 4.02(4)(a)-(d) of Rev. Proc. 2026-8 provides that a

subordinate organization is subject to a central organization's control if (1) 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, (2) the central organization appoints a majority of the subordinate organization's officers, (3) 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, or (4) a majority of the subordinate organization's officers are officers of the central organization.

.06 Use of Intermediate Subordinate Organizations to Establish General Supervision or Control.

Several commenters suggested that the final revenue procedure allow a central organization to exercise general supervision or control over subordinate organizations through intermediate subordinate organizations. The Treasury Department and the IRS do not agree with these comments. A central organization is directly responsible for ensuring its subordinate organizations are entitled to federal tax-exempt status, and allowing a central organization to establish general supervision or control through intermediate subordinate organizations would run the risk of undermining this fundamental aspect of the group exemption letter program. Further, the use of intermediate subordinate organizations would create administrative complexities for the IRS in the event a group exemption letter is the subject of an examination.

.07 Concerns by Religious Organizations Regarding General Supervision or Control.

Several religious organizations objected to the general supervision or control

standards in section 3.02(3) and (4) of the proposed revenue procedure, claiming the standards would impermissibly interfere with their religious practices because their religious beliefs require self-governance and autonomy at the local level. These commenters argued that the proposed revenue procedure would prevent them from participating in the group exemption letter program, in violation of the First Amendment and the Religious Freedom Restoration Act.³

In response to the comments from these religious organizations, section 4.02(3)(c) of Rev. Proc. 2026-8 provides that a central organization does not have to annually obtain, review, and retain information on a subordinate organization's finances, activities, and compliance with annual filing requirements if that subordinate organization is not required to file an annual information return or notice. Under these circumstances, a central organization satisfies the general supervision standard in section 4.02(3)(a) of Rev. Proc. 2026-8 by annually transmitting written information to, or otherwise educating, the subordinate organization about the requirements to maintain tax-exempt status under the applicable paragraph of section 501(c), including, but not limited to, annual filing requirements, if applicable. Section 4.02(5)(c) of Rev. Proc. 2026-8 adds an example to further clarify this point. The Treasury Department and the IRS believe these commenters' concerns are alleviated by the aforementioned revisions to the general supervision standard of section 4.02(3) of Rev. Proc. 2026-8, because they can participate in the group exemption letter program by satisfying the general supervision standard, rather than the more onerous control standard.

Some religious organizations objected to the use of the term "subordinate

³ The Religious Freedom Restoration Act of 1993, Public Law 103-141, 107 Stat. 1488 (codified at 42 U.S.C. § 2000bb through 42 U.S.C. § 2000bb-4).

organization,” stating that the term does not accurately reflect their organizational structure. Rev. Proc. 2026-8 continues to use the term “subordinate organization” because the group exemption letter program has referred to organizations as subordinate organizations for many decades and changing the term now would likely cause confusion. The use of this nomenclature for purposes of the group exemption letter program does not have any impact on the federal tax treatment of the organizations that choose to participate in the group exemption letter program.

.08 Matching Requirement for a Central Organization Described in § 501(c).

Section 3.03(2)(a)(i) of the proposed revenue procedure retained the “matching requirement” found in Rev. Proc. 80-27, which required all subordinate organizations initially included in, or subsequently added to, a group exemption letter to be described in the same paragraph of § 501(c). Section 3.03(2)(a)(ii) of the proposed revenue procedure added an additional matching requirement that required all subordinate organizations initially included in, or subsequently added to, a group exemption letter to be described in the same paragraph of § 501(c) as the central organization, including a central organization that is described in § 501(c) and is an instrumentality or an agency of a political subdivision. Section 3.03(2)(a)(iii) of the proposed revenue procedure provided that this additional matching requirement would not apply if the central organization is an instrumentality or an agency of a political subdivision but is not described in § 501(c). Several commenters expressed support for the additional matching requirement, but others objected to it.

Notice 2020-36 explained that requiring subordinate organizations to be described in the same paragraph of § 501(c) as their central organization was intended

to improve the central organization's ability to exercise general supervision or control over its subordinate organizations. Given the changes Rev. Proc. 2026-8 makes to other provisions of the proposed revenue procedure, the Treasury Department and the IRS have determined that it is not necessary for subordinate organizations to be described in the same paragraph of § 501(c) as their central organization. Accordingly, section 4.03(2)(a) of Rev. Proc. 2026-8 requires subordinate organizations to be described in the same paragraph of § 501(c) as one another, but subordinate organizations are not required to be described in the same paragraph of § 501(c) as their central organization.

.09 Foundation Classification Requirement.

Section 3.03(2)(b) of the proposed revenue procedure provided that all subordinate organizations described in § 501(c)(3) that are initially included in, or subsequently added to, a group exemption letter must be classified as public charities under the same paragraph of § 509(a), unless an exception applies. Several commenters stated that this “foundation classification requirement” accomplished little, due to the exceptions, and that it would increase administrative burdens in some instances. The Treasury Department and the IRS agree with this comment. Accordingly, Rev. Proc. 2026-8 does not include a foundation classification requirement.

.10 Similar Purpose Requirement.

Section 3.03(2)(c) of the proposed revenue procedure contained a “similar purpose requirement” that required all subordinate organizations under a group exemption letter to have a primary purpose that is described by the same National Taxonomy of Exempt Entities (NTEE) code. One commenter contended that the

requirement would place unnecessary burdens on organizations and potentially limit participation in the group exemption letter program.

The Treasury Department and the IRS have determined that the similar purpose requirement contained in the proposed revenue procedure would not facilitate a central organization's exercise of general supervision or control over its subordinate organizations as was originally intended. Subordinate organizations under many group exemption letters have different purposes, and a central organization would have a strong incentive to select a NTEE code that describes a wide variety of purposes in order to comply with a similar purpose requirement. Furthermore, a similar purpose requirement is unnecessary because other provisions of Rev. Proc. 2026-8 adequately facilitate general supervision or control by a central organization. Accordingly, Rev. Proc. 2026-8 does not include a similar purpose requirement.

.11 Uniform Governing Instrument Requirement.

Section 3.03(2)(d) of the proposed revenue procedure provided that all subordinate organizations must adopt a uniform governing instrument, such as, but not limited to, a charter, trust indenture, articles of association, etc., and provided that representative instruments are not acceptable for this purpose. For group exemption letters including subordinate organizations described in § 501(c)(3) with different purposes, the proposed revenue procedure required the governing instrument describing each distinct charitable, educational, scientific, or other exempt purpose to be a uniform governing instrument.

Many commenters said that this “uniform governing instrument requirement” was untenable, claiming that complete uniformity is impossible in many circumstances

because state law requirements for governing instruments vary from state to state. The commenters also said that subordinate organizations often have substantially different functions in carrying out the overarching purpose of a group, which often requires governing instruments that differ even though such differences do not necessarily reflect differences in purpose. Religious organizations raised concerns that the uniform governing instrument requirement would impermissibly interfere with church governance. One commenter noted that the uniform governing instrument requirement would be at odds with principles of union democracy and local decision making that are codified in the Labor-Management Reporting and Disclosures Act.

The Treasury Department and the IRS agree that the uniform governing instrument requirement in the proposed revenue procedure would impose burdens that outweigh its effectiveness in the administration of the group exemption letter program. Accordingly, Rev. Proc. 2026-8 does not include a uniform governing instrument requirement. Instead, section 4.03(2)(b) of Rev. Proc. 2026-8 sets forth a uniform purpose statement requirement that requires subordinate organizations that share the same purpose to have a uniform purpose statement in their governing instruments (for example, a 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. The uniform purpose statement must generally describe the purpose of the subordinate organizations. The Treasury Department and the IRS believe that, unlike the uniform governing instrument

requirement in the proposed revenue procedure, this uniform purpose statement requirement addresses commenters' concerns about the varying state laws regarding governing instruments. The uniform purpose statement requirement also allows subordinate organizations to retain appropriate autonomy from the central organization, as may be necessary for non-tax purposes. Moreover, requiring subordinate organizations to have a uniform purpose statement helps central organizations ensure that all subordinate organizations under their general supervision or control have a valid exempt purpose. The uniform purpose statement requirement also reduces the IRS's administrative burden because it enables more streamlined processing of group applications.

.12 Annual Accounting Period Requirement.

Section 4.02(5) of Rev. Proc. 80-27 required subordinate organizations to be on the same annual accounting period as the central organization to be included in a group return. While the proposed revenue procedure did not clearly provide this requirement, section 5.03(j) of the proposed revenue procedure required a central organization that submits a group application to include a statement that any subordinate organizations that will be included in a group return will be on the same annual accounting period as the central organization. To make it clear that the annual accounting period requirement in Rev. Proc. 80-27 remains applicable, section 4.03(2)(c) of Rev. Proc. 2026-8 sets forth an annual accounting period requirement equivalent to section 4.02(5) of Rev. Proc. 80-27.

.13 Exclusion of Revoked Organizations.

Under section 3.04(5) of the proposed revenue procedure, an organization that

had its exemption automatically revoked and that has not yet had its exemption reinstated after filing an application for reinstatement was ineligible to be a subordinate organization under a group exemption letter until the IRS reinstated the organization's exemption. One commenter opined that this requirement is unnecessary and overly burdensome and suggested that a simplified procedure, such as filing a Form 990-series information return for the prior years, should be sufficient for an automatically revoked organization to join a group exemption letter.

Allowing an organization that has had its tax-exempt status automatically revoked to regain tax-exempt status by joining a group exemption letter would violate § 6033(j)(2). That section requires organizations that lose tax-exempt status by automatic revocation to apply for reinstatement to become tax-exempt again. Accordingly, section 4.04(5) of Rev. Proc. 2026-8 retains the requirement in the proposed revenue procedure that an organization that loses tax-exempt status by automatic revocation must be reinstated before it is eligible to be a subordinate organization. Further, section 9.07 of Rev. Proc. 2026-8, which discusses automatic revocation, clarifies that an organization that has its tax-exempt status automatically revoked must file an application for reinstatement to qualify for tax-exempt status even if the organization was not originally required to apply for tax-exempt status.

.14 Authorization for Initial Inclusion or Subsequent Addition as a Subordinate Organization.

Section 3.05(1) of the proposed revenue procedure retained the requirement from Rev. Proc. 80-27 that a subordinate organization must authorize a central organization in writing to include it in a group application. Section 3.05(2) of the

proposed revenue procedure added that this authorization must acknowledge that the central organization may remove the subordinate organization from the group exemption letter if the subordinate organization fails to comply with the requirements of the proposed revenue procedure.⁴ Some commenters were concerned that this new authorization requirement would not accommodate subordinate organizations that executed an authorization that satisfies Rev. Proc. 80-27 while waiting for the IRS to resume accepting group applications upon the publication of Rev. Proc. 2026-8. These commenters asked for a one-year transition period before the new authorization requirement goes into effect. Several commenters also suggested that, if a subordinate organization had been included in a group exemption letter for more than five years when Rev. Proc. 2026-8 is published, the IRS should presume that such subordinate organization provided the required authorization to the central organization even if a copy cannot be located.

Rev. Proc 2026-8 does not provide the transition period requested by the commenters and does not adopt the presumption for subordinate organizations that have been included in a group exemption letter for more than five years. If a subordinate organization executed an authorization that does not include a right of removal during the period when the IRS was not accepting group applications, the central organization must obtain a new authorization from the subordinate organization. Moreover, if a central organization cannot locate the required authorization for a subordinate organization, it must obtain a new authorization. The Treasury Department and the IRS have determined that the small burden in obtaining an authorization is

⁴ The proposed revenue procedure and Rev. Proc. 2026-8 except preexisting subordinate organizations from this new authorization requirement.

justified because both central organizations and subordinate organizations must demonstrate compliance with Rev. Proc. 2026-8 to receive the administrative conveniences it affords.

Although Rev. Proc. 2026-8 does not include any of the revisions requested by commenters regarding the authorization for initial inclusion or subsequent addition to a group exemption letter as a subordinate organization in section 3.05 of the proposed revenue procedure, Rev. Proc. 2026-8 revises the authorization provision in the proposed revenue procedure to require the authorization to permit the central organization to remove the subordinate organization with or without cause, in accordance with the provisions of section 8.02 of Rev. Proc. 2026-8. This revision to the authorization provision reflects changes to the provisions of Rev. Proc. 2026-8 governing the removal of subordinate organizations by a central organization that are addressed in section III.17 of this notice.

.15 Instructions for Submitting a Group Application.⁵

No comments were received regarding the instructions for submitting a group application contained in section 5 of the proposed revenue procedure. However, the Treasury Department and the IRS have revised the instructions in the proposed revenue procedure, which are contained in section 6 of Rev. Proc. 2026-8, to reflect changes to other provisions of the proposed revenue procedure. Specifically, section 6.04(1)(o) of Rev. Proc. 2026-8 provides that the IRS can issue guidance requiring central organizations to provide additional information in a group application, and

⁵ A central organization's submission to obtain a group exemption letter is referred to as a "request for a group exemption letter" or a "group exemption letter request" in the proposed revenue procedure and as a "group application" in Rev. Proc. 2026-8. For purposes of consistency, this notice uses the term "group application."

section 6.04(3) of Rev. Proc. 2026-8 requires a central organization with a pending group application to provide additional information to the IRS correcting any inaccurate information or representations in the pending group application, even if the inaccuracies arise after the application is submitted to the IRS. These two new provisions will increase the efficiency of the group exemption letter program and improve the integrity of data collected for purposes of oversight of the group exemption letter program.

The Treasury Department and the IRS also revised the instructions in the proposed revenue procedure regarding the method for submitting a group application. Under section 6.02 of Rev. Proc. 2026-8, group applications must be submitted electronically on Form 8940 at www.pay.gov, along with all information, documentation, and other materials required by Form 8940 and its instructions, including the appropriate user fee. The IRS may change the procedures for the submission of group applications through guidance published in the Internal Revenue Bulletin or in forms, instructions, publications, or a posting on irs.gov issued with respect to Rev. Proc. 2026-8.

.16 Information Required to Maintain a Group Exemption Letter / Supplemental Group Ruling Information.

Under section 6 of the proposed revenue procedure, when a central organization made a Supplemental Group Ruling Information (SGRI) submission adding a subordinate organization to its group exemption letter, the central organization was required to include certain information in the submission, including a statement that the information upon which the group exemption letter is based is applicable to the new subordinate organization in all material respects. The SGRI submission was also

required to include, among other things, a detailed description of changes in the purposes and activities of subordinate organizations, as well as the date of formation of any subordinate organization that has changed its name or address or is no longer included in the group exemption letter.

One commenter stated that it might be inappropriate to require a central organization to report that the original information upon which a group exemption is based is applicable to a new subordinate organization if the central organization reported changes in the purposes or activities of the group exemption in previous SGRI submissions. In response, section 7.02(3)(b) of Rev. Proc. 2026-8 now provides that a central organization making an SGRI submission that adds a subordinate organization to its group exemption letter must include a statement that the information upon which the group exemption letter is based, as updated by the current or previous SGRI submissions, is applicable to the new subordinate organization in all material respects.

One commenter asked that the final revenue procedure provide a procedure for a central organization to request approval of any SGRI modifications the central organization makes to the information upon which its group exemption is based. This commenter stated that such an approval procedure will help the central organization ensure that its standards for reviewing new subordinate organizations remain acceptable to the IRS. At this time, the Treasury Department and the IRS decline to create a procedure to approve group exemption letter modifications because such a procedure would be inconsistent with the IRS's general position not to rule on modified activities of tax-exempt organizations. See section 3.01(83) of Rev. Proc. 2026-3, 2026-1 I.R.B. 143 (the IRS will not issue letter rulings or determination letters regarding

whether an organization is or continues to be exempt from taxation under § 501(a) as an organization described in §§ 501(c) or 501(d), including whether changes in an organization's activities or operations will affect or jeopardize the organization's tax-exempt status); section 3.02(7) of Rev. Proc. 2026-5, 2026-1 I.R.B 258 (the IRS will not issue a determination letter if an organization recognized as tax-exempt under § 501(c) requests a new determination letter confirming that the organization continues to be recognized under the same Code section). If the IRS's position under section 3.01(83) of Rev. Proc. 2026-3 (or its successor), and section 3.02(7) of Rev. Proc. 2026-5 (or its successor) changes, the IRS may reconsider creating a procedure to approve group exemption letter modifications.

Another commenter took exception to the proposed revenue procedure's requirement that a central organization's SGRI submission include descriptions of all changes in the purposes and activities of subordinate organizations. This commenter stated that the proposed reporting requirement was overly broad, burdensome, and unnecessary. The Treasury Department and the IRS agree with the commenter. Accordingly, section 7.02(1) of Rev. Proc. 2026-8 contains the reporting requirements contained in Rev. Proc. 80-27, which only require information regarding changes in the purposes, character, or method of operation of subordinate organizations.

A final commenter suggested that SGRI submissions should not be required to include the date of formation of a subordinate organization if the purpose of the SGRI submission is to report a name or address change or that the subordinate organization is no longer part of the group exemption letter. In response, section 7.02(3)(a) of Rev. Proc. 2026-8 provides that a central organization is required to report the date of

formation or incorporation of a subordinate organization in an SGRI submission only when it is adding the subordinate organization to its group exemption letter.

Rev. Proc. 2026-8 makes four additional changes to the SGRI provisions. First, section 7.01 of Rev. Proc. 2026-8 continues to require a central organization to submit its annual SGRI at least 30 days before the close of its annual accounting period but adds that a central organization may not submit its annual SGRI more than 90 days before the close of its annual accounting period. Second, section 7.02(2)(a)(iii) of Rev. Proc. 2026-8 provides that SGRI submissions must include a list of subordinate organizations whose tax-exempt status has been automatically revoked. Third, under section 7.02(4) of Rev. Proc. 2026-8, the IRS may specify additional information to be included in SGRI submissions through published guidance or another form of guidance issued after Rev. Proc. 2026-8 is published. Finally, under section 7.03, SGRI submissions must be made electronically. If the IRS has not published procedures for the electronic submission of SGRI by the publication date of Rev. Proc. 2026-8, SGRI must be mailed to the address set forth in section 7.03 of Rev. Proc. 2026-8. The IRS may change the address and the procedures for the submission of SGRI through guidance published in the Internal Revenue Bulletin or in forms, instructions, publications, or a posting on irs.gov issued with respect to Rev. Proc. 202-8. These new provisions will increase the efficiency of the group exemption letter program and improve the integrity of data collected for purposes of oversight of the group exemption letter program.

.17 Termination of, or Removal from, the Group Exemption Letter.

Section 8.01 of the proposed revenue procedure provided that the IRS may

terminate a group exemption letter with respect to all subordinate organizations for, among other reasons, noncompliance by the central organization with the requirements of the proposed revenue procedure, including lateness in any SGRI submission and any failure to exercise general supervision or control over one or more subordinate organizations. One commenter claimed that the proposed revenue procedure's provisions involving IRS termination of a group exemption letter were too strict and may result in "isolated errors" causing the termination of a group exemption letter. The Treasury Department and the IRS do not agree with this comment. The termination provisions contained in the proposed revenue procedure are necessary to ensure that central organizations and subordinate organizations remain in compliance with the requirements of the group exemption letter program. Further, several of the proposed revenue procedure's requirements have been relaxed in Rev. Proc. 2026-8, easing the burdens on organizations participating in the group exemption letter program and making it less likely that errors resulting in an IRS termination will occur. Additionally, IRS termination under section 8.01(1) of Rev. Proc. 2026-8 is discretionary and the IRS can consider whether an error is isolated when determining whether termination is warranted. Accordingly, Rev. Proc. 2026-8 contains the termination provisions as proposed.

The proposed revenue procedure provided that the IRS can also terminate a group exemption letter with respect to all subordinate organizations if more than half of the subordinate organizations have had their exemptions automatically revoked. A commenter expressed concern about this provision, noting that it is common for small subordinate organizations to rely on volunteers who may not understand their filing

responsibilities and that if one or more of the subordinate organizations has their exemption automatically revoked, it puts the group exemption letter at risk of termination. The Treasury Department and the IRS disagree with this comment. If more than half of the subordinate organizations have had their exemptions automatically revoked, it is appropriate to terminate the group exemption letter because the Treasury Department and the IRS do not believe the administrative conveniences afforded by the group exemption letter program should be available when the majority of underlying subordinate organizations fail to satisfy their statutory filing requirements. Accordingly, section 8.01(1)(g) of Rev. Proc. 2026-8 retains the IRS's ability to terminate a group exemption letter if the tax-exempt status of more than half of the subordinate organizations under that group exemption letter is automatically revoked for failure to satisfy annual filing requirements.

Section 8.02 of the proposed revenue procedure provided that a subordinate organization will be removed from a group exemption letter if (i) the central organization notifies the IRS that the subordinate organization will no longer be included in the group exemption letter, (ii) the IRS determines that the subordinate organization is a type of entity disqualified from being a subordinate organization, (iii) the subordinate organization's exemption is automatically revoked, or (iv) the subordinate organization fails to satisfy certain requirements of the proposed revenue procedure. While commenters did not submit any comments regarding these provisions, Rev. Proc. 2026-8 contains a number of revisions regarding when subordinate organizations may be removed from a group exemption letter.

Section 8.02(1) of Rev. Proc. 2026-8 sets forth the circumstances when a

subordinate organization may be removed from a group exemption letter by the IRS. This provision has been revised to remove references to the foundation classification and similar purpose requirements because those requirements have been eliminated and are not contained in Rev. Proc. 2026-8; however, a new provision contained in section 8.02(1)(b) of Rev. Proc. 2026-8 permits the IRS to remove a subordinate organization from a group exemption letter for any failure to meet the requirements of Rev. Proc. 2026-8 or other published guidance relating to Rev. Proc. 2026-8, other than the bases for removal set forth in section 8.02(1)(a) of Rev. Proc. 2026-8. Unlike removal under section 8.02(1)(a) of Rev. Proc. 2026-8, and the corresponding provisions of the proposed revenue procedure, where removal is mandatory, removal of a subordinate organization from a group exemption letter under section 8.02(1)(b) of Rev. Proc. 2026-8 is discretionary. The Treasury Department and the IRS believe this new provision is appropriate because it provides flexibility in considering the severity of the subordinate organization's failure to meet the requirements under the group rulings program.

Section 8.02(2) of Rev. Proc. 2026-8 governs when a central organization can remove a subordinate organization from a group exemption letter. As is the case under Rev. Proc. 80-27, Rev. Proc. 2026-8 permits a central organization to remove a subordinate organization without action by the IRS. The central organization accomplishes this removal by sending an SGRI submission to the IRS just as required by Rev. Proc. 80-27. Specifically, section 8.02(2) of Rev. Proc. 2026-8 states a subordinate organization ceases to be included in a group exemption letter on the date the central organization notifies the IRS of the removal.

Section 8.02(2) of Rev. Proc. 2026-8 also clarifies that a central organization may remove a subordinate organization from its group exemption letter with or without cause. The proposed revenue procedure was not clear whether a subordinate organization can be removed without cause. The Treasury Department and the IRS believe that a central organization should be able to remove a subordinate organization from its group exemption letter with or without cause, because that ability affords the central organization flexibility in overseeing the composition of its group exemption letter.

Finally, section 8.02(3) of Rev. Proc. 2026-8 provides that a central organization must give a subordinate organization at least 30 days' notice before the subordinate organization can be removed from a group exemption letter. The Treasury Department and the IRS believe this notice requirement affords subordinate organizations opportunity to prepare for removal from a group exemption letter.

.18 Effect of Non-Acceptance, Non-Issuance, Termination, or Removal.

Section 9 of the proposed revenue procedure addressed ways that organizations may obtain recognition of tax-exempt status if they are included as a subordinate organization in a group application that is not accepted or for which the IRS declines to issue a group exemption letter. The proposed revenue procedure also addressed ways that organizations may regain recognition of tax-exempt status if their group exemption letter is terminated or if they are removed from their group exemption letter. Though commenters did not submit any comments regarding these provisions of the proposed revenue procedure, Rev. Proc. 2026-8 reflects two clarifying revisions.

Sections 9.05(2)(b) and (c) of Rev. Proc. 2026-8 clarify that a subordinate

organization included in a group application that is not accepted by the IRS, included in a group application where the IRS declines to issue a group exemption letter, or included in a group exemption letter that is terminated, may obtain recognition of its tax-exempt status by being included in a group application by the same central organization. If a subordinate organization is removed from a group exemption letter, it may not be included in a group application by the same central organization because central organizations are only permitted to have one group exemption letter.

Section 9.05(2)(e) of Rev. Proc. 2026-8, which is a provision that was not included in the proposed revenue procedure, clarifies that a subordinate organization may obtain recognition of its exempt status by being added back to a group exemption letter from which it was removed. The proposed revenue procedure did not provide for a subordinate organization to obtain recognition of its tax-exempt status in this manner.

.19 Effective Date of Exemption.

Under section 10 of the proposed revenue procedure, a subordinate organization added to a group exemption letter is tax-exempt from the submission date of the SGRI adding the organization to the group exemption letter (unless the organization was already recognized as tax-exempt or included in another group exemption letter, in which case the organization retains its earlier effective date of exemption). The proposed revenue procedure provided that a subordinate organization included in a group application is tax-exempt from the date of its formation if all the subordinate organizations included in the group application were formed within 27 months of the postmark date of the group application. If any of the subordinate organizations included in the group application were formed more than 27 months before the postmark date of

the group application and were not previously recognized as tax-exempt or included in another group exemption letter, then each subordinate organization would be recognized as tax-exempt from the postmark date of the group application.

Commenters recommended revising the rule regarding subordinate organizations added to a group exemption letter to provide that a newly formed subordinate organization is treated as tax-exempt from its date of formation if the SGRI adding the organization to the group exemption letter was submitted within 27 months of the organization's date of formation. According to these commenters, the rule in the proposed revenue procedure is unduly burdensome because it requires a central organization to make an SGRI submission immediately upon the formation of each new subordinate organization to avoid any period during which the subordinate organization is not tax-exempt.

The Treasury Department and the IRS agree with this comment. Accordingly, section 10.02 of Rev. Proc. 2026-8 provides that the effective date of exemption for a subordinate organization that was not previously recognized as tax-exempt or included in another group exemption letter and that is added to a group exemption letter within 27 months of its date of formation is the organization's date of formation. The effective date of exemption for a subordinate organization that was not previously recognized as tax-exempt or included in another group exemption letter and that is added to a group exemption letter more than 27 months after its date of formation will be the submission date of the SGRI adding it to the group exemption letter.

One commenter recommended revising the rule regarding the effective date of exemption of subordinate organizations included in a group application because it

penalizes innocent subordinate organizations if only one subordinate organization was formed more than 27 months before the postmark date of the group application and creates a disincentive for organizations to be included in a group application. According to this commenter, any organization formed within 27 months of the postmark date of the application should be treated as tax-exempt from its date of formation even if there are other subordinate organizations included in the group application that were formed more than 27 months before the postmark date.

Rev. Proc. 2026-8 does not include the suggested revision. Like the rules in section 10 of the proposed revenue procedure, section 10.01 of Rev. Proc. 2026-8 provides that if any subordinate organization included in a group application was formed more than 27 months before the submission of the group application, the effective date of exemption for all subordinate organizations listed in the group application will be the submission date of the group application. However, section 10.01 of Rev. Proc. 2026-8 differs from the corresponding provisions in Rev. Proc. 80-27 and the proposed revenue procedure in that it provides that subordinate organizations recognized as tax-exempt or that are included in another group exemption letter immediately prior to being included in the group application retain their effective date of exemption. This revision provides continuity for those subordinate organizations by clarifying that they retain their effective date of exemption. The Treasury Department and the IRS believe sections 10.01 and 10.02 of Rev. Proc. 2026-8 provide central organizations with sufficient flexibility to achieve the desired effective date of exemption for each subordinate organization, while continuing to facilitate efficient processing of group applications in the same manner as the effective date rules contained in Rev. Proc. 80-27.

.20 Preexisting Subordinate Organization Rule and Transition Period.

The proposed revenue procedure contained two provisions limiting its applicability to preexisting group exemption letters and preexisting subordinate organizations.⁶ The first rule provided that certain provisions of the proposed revenue procedure do not apply to preexisting subordinate organizations (PSO rule). The second rule provided that certain provisions of the proposed revenue procedure do not apply during a one-year transition period.

One commenter said the PSO rule should be expanded to exclude preexisting subordinate organizations from all requirements in the proposed revenue procedure that are not contained in Rev. Proc. 80-27. According to this commenter, the new requirements could cause thousands of organizations to be removed from preexisting group exemption letters and forced to apply for tax-exempt status individually. Alternatively, the commenter recommended several variations of the PSO rule providing a more limited application of the rule regarding the matching, foundation classification, and similar purpose requirements. The Treasury Department and IRS do not adopt any of the commenters' recommendations because they would essentially require the IRS to operate the group exemption letter program using two vastly different sets of rules and doing so would unduly burden the IRS. Further, the commenter's suggestions regarding applying the PSO rule with respect to the matching, foundation classification, and similar purpose requirements are not discussed because these requirements have been substantially revised in, or omitted from, Rev. Proc. 2065-8, as explained in

⁶ A "preexisting group exemption letter" is any group exemption letter in existence on the date Rev. Proc. 2026-8 is published in the Internal Revenue Bulletin. Rev. Proc. 2026-8, § 3.09. A "preexisting subordinate organization" is any subordinate organization included in a preexisting group exemption letter on the date Rev. Proc. 2026-8 is published in the Internal Revenue Bulletin. *Id.* at § 3.10.

sections III.08, III.09, and III.10 of this notice.

A commenter requested that a preexisting subordinate organization that has had its tax-exempt status automatically revoked, but subsequently reinstated, be considered a preexisting subordinate organization for purposes of the PSO rule. This commenter expressed concern that providing otherwise would be unduly burdensome for unsophisticated organizations because they are more likely to have their exemption automatically revoked. Under section 3.10 of Rev. Proc. 2026-8, a preexisting subordinate organization whose exemption has been automatically revoked also loses its status as a preexisting subordinate organization. Reinstate of tax-exempt status, whether retroactive or not, will not cause the organization to regain its status as a preexisting subordinate organization. A subordinate organization that has its tax-exempt status automatically revoked is removed from a group exemption letter pursuant to section 8.02(1)(a)(iii) of Rev. Proc. 2026-8. If the organization is subsequently added back to the group exemption letter, it will not meet the definition of a preexisting subordinate organization because it is added to the group exemption letter after the publication date of Rev. Proc. 2026-8. While this result may burden some subordinate organizations, it is necessary for proper administration of the group exemption letter program and to ensure that organizations comply with their obligations under Rev. Proc. 2026-8. To illustrate the consequences where a preexisting subordinate organization is removed from a group exemption letter, section 3.10 of Rev. Proc. 2026-8 contains a revised definition of the term preexisting subordinate organization and section 12.03(5) of Rev. Proc. 2026-8 provides an example of the effect of removal.

A commenter requested expansion of the transition period from one year to three

years. The Treasury Department and the IRS do not adopt this suggestion because extending the transition period to three years would require the IRS to administer two group exemption letter programs for the duration of the extended period, which would unduly increase the administrative burden and decrease the efficiency of the group exemption letter program. Accordingly, the transition period in section 12.02(2) of Rev. Proc. 2026-8 has not been extended to three years. Instead, section 12.02(2) of Rev. Proc. 2026-8 provides for a transition period ending on January 22, 2027, rather than exactly one year after publication of the revenue procedure. The Treasury Department and the IRS made this revision to ease the administrative burden of the group exemption letter program on the IRS.

Although Rev. Proc. 2026-8 does not include any of the revisions to the PSO rule and transition period specifically requested by commenters, the Treasury Department and the IRS revised these rules after further considering their scope and application. Under the proposed revenue procedure, the general supervision and control standards were not applicable to preexisting subordinate organizations. The Treasury Department and IRS do not believe preexisting subordinate organizations should be permanently excepted from the new affiliation, supervision, and control provisions contained in the proposed revenue procedure. Instead, it is more appropriate to require preexisting subordinate organizations to comply with the new provisions after the transition period. Accordingly, sections 12.02(2)(a)(iii) and 12.02(2)(d) of Rev. Proc. 2026-8 provide that the general supervision and control provisions are covered by the transition rule and apply to preexisting group exemption letters and preexisting subordinate organizations after a transition period ending on January 22, 2027. This change facilitates uniformity

in the administration of the group exemption letter program by limiting the time during which the IRS must administer two different group exemption letter programs. This change also benefits central organizations with preexisting group exemption letters by affording them time to ensure that their relationships with their preexisting subordinate organizations comply with Rev. Proc. 2026-8. In addition, the proposed revenue procedure inadvertently failed to include the affiliation provision in the PSO rule or the transition period. Sections 12.02(2)(a)(iii) and 12.02(2)(d) of Rev. Proc. 2026-8 clarify that the affiliation provision also applies to preexisting group exemption letters and preexisting subordinate organizations after the transition period ending on January 22, 2027.

The PSO rule and transition period in the proposed revenue procedure have also been revised to conform with revisions made to other provisions of the proposed revenue procedure. For example, the foundation classification requirement, similar purpose requirement, and uniform governing instrument requirement have each been removed from the PSO rule, as these requirements were eliminated from the operative rules. In addition, the PSO rule in section 12.02(3)(a) of Rev. Proc. 2026-8 provides that preexisting subordinate organizations need not comply with the uniform purpose statement requirement found in section 4.03(2)(b) of Rev. Proc. 2026-8.

Although it appears that the application of the PSO rule and transition period to the matching requirement has been revised as published in Rev. Proc. 2026-8, the revisions are not substantive. The PSO rule in the proposed revenue procedure provided that the matching requirement did not apply to preexisting subordinate organizations and did not draw a distinction between the requirement that subordinate

organizations be described in the same paragraph of § 501(c) as the central organization and the requirement that subordinate organizations be described in the same paragraph of § 501(c) as other subordinate organizations covered by the group exemption letter. However, a subsequent provision of the proposed revenue procedure, separate from the transition period of the proposed revenue procedure, provided that central organizations with a preexisting group exemption letter had the duration of the transition period to ensure that all subordinate organizations were described in the same paragraph of § 501(c). Like the proposed revenue procedure, Rev. Proc. 2026-8 provides that central organizations have the duration of the transition period to comply with the matching requirement obligating all subordinate organizations covered by a group exemption letter to be described in the same paragraph of § 501(c); however, this provision is clearly contained in the transition period in section 12.02(2) of Rev. Proc. 2026-8. As explained above in section III.08 of this notice, the matching requirement in Rev. Proc. 2026-8 does not require subordinate organizations to be described in the same paragraph of § 501(c) as the central organization, so this requirement is not addressed in the PSO rule or transition period provision.

Finally, the proposed revenue procedure inadvertently excluded organizations described in § 501(c)(29) from its PSO rule. Accordingly, section 12.02(3)(c) of Rev. Proc. 2026-8 includes organizations described in § 501(c)(29) in the PSO rule.

.21 Declaratory Judgment Provisions of § 7428.

Section 11 of the proposed revenue procedure explained when the declaratory judgment provisions of § 7428 apply in the context of group exemption letters. The Treasury Department and IRS have determined that it is more appropriate to provide

such guidance in a future update to section 10 of Rev. Proc. 2026-5 (or its successor), which explains when and how a declaratory judgment proceeding under § 7428 may be filed in the United States Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia. Section 11 of Rev. Proc. 2026-8 provides information regarding whether a declaratory judgement action under § 7428 must be filed by a controlling organization or a subordinate organization.

.22 Reliance.

Section 12 of the proposed revenue procedure, which related to donor reliance on a group exemption letter, explained how donors could verify that contributions to a subordinate organization are deductible under § 170. A commenter suggested several revisions to this provision to address issues that are unique to subordinate organizations. As stated in Notice 2020-36, the reliance section of the proposed revenue procedure was intended to incorporate previously issued guidance rather than propose new policies and procedures. After further consideration, the Treasury Department and the IRS have excluded the donor reliance provisions from Rev. Proc. 2026-8 because the rules governing donor reliance are already published in Rev. Proc. 2018-32, 2018-23 I.R.B. 739. Accordingly, Rev. Proc. 2026-8 does not include the commenter's suggested revisions.

.23 Annual Filing Requirement / Disclosure of Group Applications and Group Exemption Letter Requests.

Sections 7 and 13 of the proposed revenue procedure addressed the filing of group returns under § 6033 and the disclosure of group returns, group applications, and supporting documents under § 6104(a) and (d). These sections simply incorporated

information located in previously published guidance. After further consideration, the Treasury Department and the IRS have excluded these sections from Rev. Proc. 2026-8.

SECTION IV. DRAFTING INFORMATION

The principal author of this notice is Seth Groman of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice contact Seth Groman at (202) 317-5640 (not a toll-free call).