Instructions for Form 1028  
(Rev. September 2006)  
Application for Recognition of Exemption Under Section 521 of the Internal Revenue Code

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions
Keep a copy of the completed application form in your permanent records.

A. Who May Use This Form
Form 1028 may be used by a farmers' cooperative to apply for recognition of exemption status under section 521. A farmers' cooperative, as defined in section 521, is an association of farmers, fruit growers, or persons with similar occupations that is organized and operated on a cooperative basis.

B. Where To File
Send the completed application, all required information, and Form 8718, User Fee for Exempt Organization Determination Letter Request, with the appropriate user's fee, to the address shown in the instructions to Form 8718. Soon after we receive the application, you will be advised of the Internal Revenue Service's determination and of the annual return that the organization will be required to file.

C. Power of Attorney
If an agent or attorney will represent the organization, you must file a power of attorney, specifically authorizing the representative to act in person or by correspondence. Send the power of attorney with the application when you file it. Use Form 2848, Power of Attorney and Declaration of Representative, or Form 8851, Tax Information Authorization, for this purpose.

D. Attachments
Every attachment should state that it is a conformed copy of the complete organizing instrument and a copy of the amendments. If the organization will be organized, amending, or changing its name as it appears in the organization's documents, including articles of association or articles of incorporation, and bylaws, include the new name in parentheses.

E. Annual Return
An organization that is recognized as exempt from income tax under section 521 must file an annual return on Form 1120-C, U.S. Income Tax Return for Cooperative Associations. An organization will be advised of the Internal Revenue Service's ruling recognizing its exemption under section 521 of the Internal Revenue Code by the date of the application and type "User Fee" in the keyword "2848". The nonrefundable fee must be paid in addition to the required documents submitted with the application or ruling request. Otherwise, the request will be returned without any action being taken on it.

F. User Fees for Exempt Organization Ruling and Determination Requests
The Internal Revenue Service is required to collect a fee from any organization seeking an IRS determination of its exemption status as an organization described in section 521. A fee also applies to any exempt organization's request for a private letter ruling.

Specific Instructions
Part I—Identification

Line 1a—Organization's Name. Enter the organization's name as it appears in its organizing documents, including amendments. If the organization will be operated under another name, show that name in parentheses.

Line 1b—Employer Identification Number (EIN). Enter the organization's EIN. An EIN can be obtained immediately once the application is filed. The EIN is required to file. See the Specific Instructions for Part I, line 1b). The nonrefundable fee must be paid in addition to the required documents submitted with the application or ruling request. Otherwise, the request will be returned without any action being taken on it.

By telephone at 1-877-829-5500 for current information. For more details, see Pub. 583.

If the organization has not received its EIN by the time the return is due, enter "Applied for" in the space for the EIN. For more details, see Pub. 583.
Part II—Type of Entity and Organizational Documents

One of the basic requirements for exemption is that the organization be "organized" for one or more exempt purposes. If the organization does not have an organizing instrument, it will not qualify for exempt status.

None of the documents submitted in support of this application, including organizational documents, will be returned.

Instead of the originals, submit "conformed" copies of these documents. A "conformed" copy is one that agrees with the original document and all of its amendments. If the conformed copies are not certified, they must be accompanied by a declaration signed by an officer authorized to sign for the organization, certifying that they are complete and accurate copies of the original documents.

Chemically or photographically reproduced copies of articles of incorporation showing the certification of an appropriate government official need not be accompanied by a declaration.

Part III—Activities and Operational Information

Lines 17 through 19. The information requested on lines 17 through 19 must be completed for the current year and each of the 3 immediately preceding years (or for the time the organization has existed if less than 4 years). The requested information for the current year must cover the period beginning on the first day of your organization's established annual accounting period and ending on any day which is within 60 days of the date of the application. If the date of the application is less than 60 days after the first day of the current accounting period, no information is required for the current year. Requested information is required for the 3 preceding years regardless of the current year requirements. Please note that if no information is required for the current year, the preceding year's distributions paid as dividends on capital stock and nonpatronage dividends paid as dividends on a patronage basis. This term "income from sources other than patronage" means incidental income derived from sources not directly related to the marketing, purchasing, or service activities of the cooperative association. For example, income derived from the lease of premises, from investment in securities, or from the sale or exchange of capital assets constitutes income from sources other than patronage.

Also include in the schedule the total amount of per-unit retain allocations other than those reflected in cost of sales on line 3b and the total amount of written notices of allocation other than those reflected on line 16. (See sections 1382 and 1388.)

Line 16—Patronage Dividends. In the attached schedule, show the amount of patronage dividends paid to patrons in money, qualified written notices of allocation, or other property (except nonqualified written notices of allocation) and the amount paid to patrons in money or other property (except written notices of allocation) to redeem nonqualified written notices of allocation. (See sections 1382 and 1388 and the related regulations.)

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want your organization to be recognized as tax-exempt by the IRS, you are required to give us this information. We need it to determine whether the organization meets the legal requirements for tax-exempt status.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping .............. 44 hr., 14 min.
Learning about the law or the form ......... 1 hr., 44 min.
Preparing the form ......... 4 hr., 23 min.
Copying, assembling, and sending the form to the IRS ......... 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave, NW, IR-6406, Washington, DC 20224. Do not send the tax form to this address. Instead, see Where To File on page 1.