



Exempt Organizations Technical Guide

TG 0: Technical Guide Overview

This document is not an official pronouncement of the law or the position of the Service and cannot be used, cited, or relied upon as such. This guide is current through the revision date. Changes after the revision date may affect the contents of this document and users should consider any subsequent resources to ensure technical accuracy. All references to “Section” in this document refer to the Internal Revenue Code of 1986, as amended, unless specifically noted otherwise. The taxpayer names and addresses shown in examples within this publication are fictitious.

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I. Overview

- (1) Welcome to the Exempt Organizations Technical Guides (TGs). The series of TGs serves as a research aid and training tool for Exempt Organizations (EO) specialists reviewing exemption applications, conducting examinations, and completing adverse rulings, terminations, and revocations. Exempt organizations and the general public will also use these TGs as educational tools and research aids.
- (2) The material in the TGs does not extend or modify published authority and should not be cited either as precedent or authority in deciding cases.

A. Background / History

- (1) Exempt Organizations Rulings and Agreements (EO R&A) previously maintained technical exempt organizations determinations manuals in the Internal Revenue Manual (IRM) sections 7.25, 7.26, and 7.27.
- (2) Exempt Organizations Examinations (EOE) previously maintained information on audit guidelines and techniques for exempt organizations in IRM 4.76.
- (3) The Internal Revenue Service (IRS) obsoleted the above-mentioned IRMs to remove technical guidance from the IRM by December 2019, reserving the Internal Revenue Manual for procedural guidance.
- (4) To retain the information from IRMs 7.25, 7.26, and 7.27, EO R&A created Technical Resource Guides (TRGs) and posted them internally on the EO Knowledge Network Library.
- (5) To retain the information from IRM 4.76, EOE created Audit Technique Guides (ATGs), and posted them on IRS.gov.
- (6) IRS's Knowledge Management is updating and consolidating the TRGs and ATGs into TGs. As they publish TGs on particular topics, they retire the related ATGs and TRGs.
- (7) IRS began publishing TGs on September 1, 2021, and will continue publishing TGs until all the topics in the ATGs, TRGs, and other relevant tax-exempt status matters are covered in TGs. The Technical Guide List exhibit in this TG lists the published and planned TG topics, current as of the date of this publication.

B. Relevant Terms

(1) This section details commonly used acronyms and terms featured in the TGs.

B.1. Acronyms

Acronym	Term
ATG	Audit Technique Guide
EO	Exempt Organizations
EOD	Exempt Organizations Determinations
EOE	Exempt Organizations Examinations
EO/GE	Exempt Organizations/Government Entities
EO R&A	Exempt Organizations, Rulings and Agreements
GCM	General Counsel Memorandum
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
TAM	Technical Advice Memorandum
TE/GE	Tax Exempt & Government Entities
TG	Technical Guide
TRG	Technical Resource Guide

B.2. Definition of Terms

- (1) **Precedential:** Court decisions or administrative rulings (such as revenue rulings) which are authoritative or controlling in subsequent cases involving identical or substantially similar facts and legal issues. For example, a case decided by the Fourth Circuit has controlling authority over subsequent District Court cases within the jurisdiction of the Fourth Circuit when the facts and legal issues are identical or substantially similar. A case decided by the Supreme Court has controlling authority over all other courts and its rulings must be followed by all taxpayers. As the Supreme Court is the highest jurisdiction in the United States.
- (2) **Non-precedential:** Decisions or rulings that do not have controlling authority, but that may be persuasive in deciding subsequent cases. Private letter rulings, for example, are non-precedential, as such rulings do not control the decision in subsequent cases involving a different taxpayer. However, a decisionmaker may be persuaded by a private letter ruling in arriving at a subsequent decision involving a different taxpayer if the facts and legal issues are identical or substantially similar.

C. Citation of Law and Non-Precedential Guidance

- (1) Throughout the TGs, citations of law are provided as guidance on the government's position on specific activities and actions of the exempt organization.
- (2) Legal authorities can be accessed through databases and subscription services.
- (3) While the Internal Revenue Code (IRC) is the primary source of federal tax law, there are many additional sources. For example, there are both administrative and judicial interpretations as well.
- (4) Administrative materials include Treasury Regulations, revenue rulings, and revenue procedures.
- (5) Federal courts that interpret federal tax law include trial courts, appellate courts, and the United States Supreme Court.
- (6) Committee reports are useful tools in determining congressional intent behind certain tax laws and helping examiners apply the law properly. They can be particularly helpful regarding novel issues where the plain language of the Internal Revenue Code is ambiguous, there is little to no judicial precedent, and when the Treasury has not published regulations.

C.1. Law / Authority

- (1) The Sixteenth Amendment (Amendment XVI) to the United States Constitution was ratified on February 3, 1913. It is the Constitutional authority for assessing and collecting federal income tax. Subsequently, Congress enacted the Revenue Act of 1913 on October 3, 1913. Since then, Congress has made provisions for the exemption from income tax.

C.2. General Information

- (1) TGs contain citations to law and other guidance.
- (2) IRM 4.10.7.2, Researching Tax Law, and IRM 4.70.13.5, Researching Federal Tax Law, provide information on citing law, the order of citations, and weight of legal authorities.
- (3) IRM 7.28.4.3, General Guidelines for Drafting Letters Subject to Section 6110, (or its successor) provides general guidelines for drafting letters subject to Section 6110 and discusses the order of legal authorities.

C.3. Precedential Guidance and Citations

- (1) The **Internal Revenue Code** (Title 26 of the United States Code) is the foundation for all tax law. When changes are made to the IRC, the old language is deleted, and new language is inserted. Originally codified in 1939 as the Internal Revenue Code of 1939, it was recodified in 1954 and 1986. It is now referred to as the Internal Revenue Code of 1986. The IRC is divided into

subtitles, chapters, subchapters, parts, subparts, sections, subsections, paragraphs, subparagraphs, and clauses.

- (2) **Treasury Regulations** (Title 26 of the Code of Federal Regulations) interpret the IRC and, where specifically authorized by Congress, supply additional legal requirements to those in an IRC section. They often contain examples and computations that assist in understanding the statutory language. Regulations are issued as proposed, temporary, and final. References to specific regulations throughout the TGs are notated as Treas. Reg.
- (3) **Revenue rulings** provide guidance on the IRS's position on specific activities and actions. Many exempt organization revenue rulings can be accessed at www.irs.gov/charities-non-profits/exempt-organizations-revenue-rulings. References made to specific revenue rulings throughout the TGs are notated as Rev. Rul.
- (4) **Revenue procedures** are IRS pronouncements that deal with procedural aspects of the law. Many exempt organizations revenue procedures can be accessed at www.irs.gov/charities-non-profits/exempt-organization-revenue-procedures. References to specific revenue procedures throughout the TGs are notated as Rev. Proc.
- (5) Rulings and procedures are published weekly in the **Internal Revenue Bulletin** (I.R.B.) and semiannually in the **Cumulative Bulletin** (C.B.). The I.R.B. is the Internal Revenue Service Commissioner's authoritative instrument to announce official IRS rulings and procedures and to publish Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest.
- (6) **Notices** are public pronouncements by the IRS that may contain guidance that involves substantive interpretations of the IRC or other provisions of the law. Notices may be used to solicit public comments on issues under consideration, in connection with non-regulatory guidance, such as a proposed revenue procedure. A notice also can relate to proposed regulations which will not be published in the immediate future.
- (7) **Judicial decisions** comprise an important source of tax law. Courts render decisions on questions of fact and law.
 - a. **Trial Court:** There are three trial courts for tax adjudication in the United States. These are the U.S. Tax Court, U.S. Court of Federal Claims, and the U.S. District Courts.
 - b. **Appellate Court:** Decisions may be appealed from the U.S. Tax Court and the U.S. District Courts to the Court of Appeals in the taxpayer's circuit. Appeals from the U.S. Court of Federal Claims are taken to the Court of Appeals for the Federal Circuit. A party who loses at an appellate level may petition the Supreme Court for a *writ of certiorari* to hear the case.

- c. **US Supreme Court:** Decisions of the U.S. Courts of Appeal, including the Court of Appeals for the Federal Circuit, may be appealed to the United States Supreme Court. The Supreme Court of the United States is the highest court of the land. In general, Supreme Court review is discretionary. They only hear a limited number of tax cases.

C.4. How Courts Treat IRS Official Rulings and Procedures

- (1) In *St. David's Health Care System v. United States*, the 5th Circuit Court of Appeals noted that "the courts generally accord significant weight to the determinations of the IRS in its revenue rulings." 349 F.3d 232, 239 n.9 (5th Cir. 2003). Also, in *Estate of McLendon v. Commissioner*, 135 F.3d 1017, 1023 n.10, 1024 (5th Cir.1998), the Court stated, "[R]evenue rulings are generally given weight as expressing the studied view of the agency whose duty it is to carry out the statute," but are "clearly less binding on the courts than treasury regulations or Code provisions...".
- (2) An **Action on Decision (AOD)** is a formal memorandum prepared by the IRS Office of Chief Counsel that announces the future litigation position the IRS will take with regard to the court decision addressed by the AOD. The IRS's AOD policy on federal court decisions decided in the taxpayers' favor is described in the Chief Counsel Directives Manual CCDM 36.3.1 (03-14-2013), or its successor.
 - a. Acquiescence (acq.) occurs when the IRS accepts the decision and will follow the ruling in all jurisdictions.
 - b. Non-acquiescence (nonacq.) occurs when IRS disagrees with the court decision. The IRS is required to follow the precedent in the circuit where the decision was made, but may otherwise hold its own position in all other circuits.

The IRS decision of acquiescence or non-acquiescence is published in the Cumulative Bulletin, and IRS agents are bound by the determinations.

C.5. Non-Precedential Guidance and Citations

- (1) This **Technical Guide** and other TGs refer to non-precedential guidance. While non-precedential guidance cannot be cited as precedent, it does, however, provide the government's position on issues and assists with developing a fact pattern as well as application of the law to the facts of a case. The non-precedential guidance presented in this TG includes committee reports, technical advice memoranda, private letter rulings, general counsel memoranda, and IRS publications.
- (2) **Committee reports** state legislative intent to a proposed bill. The Ways and Means Committee in the House of Representatives and the Finance Committee in the Senate are responsible for tax legislation. In cases where the literal language of the IRC is ambiguous, committee reports are useful tools to determine congressional intent behind certain tax laws and to help apply the

law properly. Reports from the Joint Committee on Taxation can be accessed at www.jct.gov.

- (3) A **technical advice memorandum** (TAM) is technical advice prepared by Associate Chief Counsel. A field office can request a TAM when the application of the law to the facts involved is unclear. The question must be on the interpretation and proper application of any legal authority, including legislation, tax treaties, court decisions, regulations, notices, revenue rulings, revenue procedures, or announcements to a specific set of facts, which concerns the treatment of an item in a tax period under examination or in Appeals. TAMs are requested on closed transactions rather than prospective or hypothetical transactions. A TAM can also be requested in connection with a taxpayer's request for a determination letter on a matter within the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division, pursuant to Rev. Proc. 2023-4 or 2023-5, updated annually.

Procedures on requesting TAMs are located in Rev. Proc. 2023-2, 2023-1 I.R.B. 120, updated annually.

TAMS are written determinations and are available for public inspection at www.irs.gov/written-determinations.

- (4) A **private letter ruling** (PLR) is a written statement issued to a taxpayer that interprets and applies tax laws to the taxpayer's specific set of facts. A PLR is issued to establish with certainty the federal tax consequences of a particular transaction before the transaction occurs or before the taxpayer files their return. A PLR is issued in response to a written request submitted by a taxpayer and is binding on the IRS if the taxpayer fully and accurately described the proposed transaction in the request and carries out the transaction as described. A PLR may not be relied on as precedent by other taxpayers or IRS personnel. PLRs are generally made public after all information has been removed that could identify the taxpayer to whom it was issued.

Procedures on how to request a letter ruling are located in Rev. Proc. 2023-1, 2023-1 I.R.B.1, updated annually.

Private letter rulings are written determinations and available for public inspection at www.irs.gov/written-determinations.

- (5) A **general counsel memorandum** (GCM) is a legal memorandum from the Office of Chief Counsel, prepared in connection with the review of certain proposed rulings, such as revenue rulings, private letter rulings, and technical advice memoranda. It contains legal analysis of substantive issues and can be helpful in understanding the reasoning behind a particular ruling and the Service's response to similar issues in the future.
- (6) **IRS publications** explain the law in plain language for taxpayers and their advisors. They typically highlight changes in the law, provide examples illustrating IRS positions, and include worksheets. Publications are non-binding on the Service and do not necessarily cover all positions for a given issue.

While a useful source of general information, publications should not be cited to sustain a position.

The IRS catalogs its publications publicly at www.irs.gov/forms-instructions and internally in the Published Products Catalog.

Publication 557, *Tax-Exempt Status for Your Organization*, discusses the rules and procedures for organizations seeking recognition of exemption from federal income tax under Section 501(a).

II. How to Use the Technical Guides

- (1) This section describes how the TGs are organized.

A. Numbering System

- (1) The TGs are organized in numerical order.
- (2) TGs 1 through 29 generally discuss the subsections that correspond to the Code subsection in their titles. For example, TG 2: *Single Parent Title-Holding Companies – IRC Section 501(c)(2)*, discusses Section 501(c)(2), Corporations organized for the exclusive purpose of holding title to property; TG 4: *Civic Leagues, Social Welfare Organizations, and Local Associations of Employees – IRC Section 501(c)(4)*, discusses Section 501(c)(4), Civic Leagues, Social Welfare Organizations, and Local Associations of Employees; and so forth.
- (3) Section 501(c)(3) topics are discussed in the series of TGs beginning with the number 3. For example, TGs 3-1 through 3-15 discuss Section 501(c)(3) purposes; TGs 3-20 through 3-33 discuss Section 501(c)(3) foundation statuses; and TGs 3-40 and 3-41 discuss healthcare organizations.

B. Term Search

- (1) To search for a particular topic within a TG, open the TG, and use the Find command (Ctrl + F) to open a search box to search for the keyword.
- (2) For example:
 - a. While reading TG 59: *Taxes on Foundation Failure to Distribute Income – IRC Section 4942*, you wish to understand the term *taxable period*.
 - b. Press Ctrl + F, and the search box will open.
 - c. Type the term *taxable period* in the search box, and press enter.
 - d. All instances of the term *taxable period* will be highlighted throughout the document. You can navigate to each heading, page, or result where the phrase appears.

III. Exhibit

A. Technical Guide List

- (1) The table below contains the list of all published and proposed TGs. The table is organized in numeric order.
- (2) This TG and table will be updated periodically to provide publishing and revision dates of each TG. A blank publishing date indicates the TG has not yet been published.

TG No.	TG Title	Publish Date
0	TG 0: Technical Guide Overview	12/15/2023
1	TG 1: Instrumentalities of the United States, Government Corporations, and Federal Credit Unions – IRC Section 501(c)(1)	3/17/2023
2	TG 2: Single-Parent Title-Holding Corporations – IRC Section 501(c)(2)	
3-1	TG 3-1: Overview, Applications, Exemption Requirements – IRC Section 501(c)(3)	9/8/2023
3-2	TG 3-2: Exempt Purposes – Religious – IRC Section 501(c)(3)	
3-3	TG 3-3: Exempt Purposes – Charitable – IRC Section 501(c)(3)	3/17/2023
3-4	TG 3-4: Exempt Purposes – Scientific – IRC Section 501(c)(3)	12/9/2022
3-5	TG 3-5: Exempt Purposes – Educational – IRC Section 501(c)(3)	
3-6	TG 3-6: Exempt Purposes – Public Safety, Literary, Amateur Sports, Prevention of Cruelty to Animals, etc. – IRC Section 501(c)(3)	
3-7	TG 3-7: Exempt Purposes – Specialty Topics – IRC Sections 163, 170, and 501(c)(3)	
3-8	TG 3-8: Disqualifying and Non-Exempt Activities – Inurement and Private Benefit – IRC Section 501(c)(3)	
3-9	TG 3-9: Disqualifying and Non-Exempt Activities – Political and Lobbying Activities – IRC Section 501(c)(3)	
3-10	TG 3-10: Disqualifying and Non-Exempt Activities – Trade or Business Activities – IRC Section 501(c)(3)	7/14/2023
3-11	TG 3-11: Educational Organizations Other than Schools	
3-12	TG 3-12: Public Interest Law Firms	
3-13	TG 3-13: Fundraising Activities	
3-15	TG 3-15: Church Issues – IRC Section 7611	
3-16 to 3-19	Reserved	
3-20	TG 3-20: Introduction to Private Foundations and Special Rules – IRC Section 508	9/10/2022
3-21	TG 3-21: Private Operating Foundations – IRC Section 4942(j)(3)	12/10/2021
3-22	TG 3-22: Termination of Private Foundation Status – IRC Section 507	12/10/2022
3-23	TG 3-23: Foundation Classification – Churches – IRC Sections 509(a)(1) and 170(b)(1)(A)(i)	

TG No.	TG Title	Publish Date
3-24	TG 3-24: Foundation Classification – Schools – IRC Sections 509(a)(1) and 170(b)(1)(A)(ii)	
3-25	Reserved	
3-26	TG 3-26: Foundation Classification – Publicly Supported Organizations – IRC Sections 509(a)(1) and 170(b)(1)(A)(vi)	
3-27	TG 3-27: Foundation Classification – State/Municipal Colleges, Governmental Units, and Agricultural Research Organizations – IRC Sections 509(a)(1) and 170(b)(1)(A)(iv), (v), and (ix), and 509(a)(4)	
3-28	TG 3-28: Foundation Classification – Broadly Publicly Supported Organizations – IRC Section 509(a)(2)	
3-29 to 3-30	Reserved	
3-31	TG 3-31: Foundation Classification – Type I Supporting Organizations – IRC Section 509(a)(3)	
3-32	TG 3-32: Foundation Classification – Type II Supporting Organizations – IRC Section 509(a)(3)	
3-33	TG 3-33: Foundation Classification – Type III Supporting Organizations – IRC Section 509(a)(3)	
3-34 to 3-39	Reserved	
3-40	TG 3-40: Tax Exemption for Hospitals	
3-41	TG 3-41: Tax Exemption for Non-Hospital Healthcare Organizations	
3-42 to 3-44	Reserved	
4	TG 4: Civic Leagues, Social Welfare Organizations, and Local Associations of Employees – IRC Section 501(c)(4)	
5	TG 5: Labor, Agricultural, and Horticultural Organizations – IRC Section 501(c)(5)	7/14/2023
6	TG 6: Business Leagues – IRC Section 501(c)(6)	9/12/2022
7	TG 7: Social and Recreational Clubs – IRC Section 501(c)(7)	
8	TG 8: Fraternal Beneficiary Societies and Domestic Fraternal Societies – IRC Section 501(c)(8) and IRC Section 501(c)(10)	12/15/2023
9	TG 9: Voluntary Employees' Beneficiary Associations – IRC Section 501(c)(9)	
10	Reserved	
11	TG 11: Teachers' Retirement Fund Associations – IRC Section 501(c)(11)	
12	TG 12: Benevolent Life Insurance Organizations & Mutual Ditch, Irrigation, and Cooperative Telephone or Electric Organizations – IRC Section 501(c)(12)	
13	TG 13: Cemetery Companies – IRC Section 501(c)(13)	9/27/2023
14	TG 14: State-Chartered Credit Unions and Mutual Reserve Funds – IRC Section 501(c)(14)	12/15/2023

TG No.	TG Title	Publish Date
15	TG 15: Small Insurance Companies or Associations – IRC Section 501(c)(15)	
16	TG 16: Finance Crop Operations – IRC Section 501(c)(16)	
17	TG 17: Supplemental Unemployment Benefit Trusts – IRC Section 501(c)(17)	12/9/2022
18	Reserved	
19	TG 19: Veterans' Organizations – IRC Section 501(c)(19)	
20	TG 20: Qualified Group Legal Services Plans – IRC Section 501(c)(20)	
21	TG 21: Black Lung Benefit Trust – IRC Section 501(c)(21)	
22	Reserved	
23	TG 23: Religious and Apostolic Associations – IRC Section 501(d)	3/11/2022
24	TG 24: Cooperative Hospital Service Organizations – IRC Section 501(e)	
25	TG 25: Multiple-Parent Title-Holding Organizations – IRC Section 501(c)(25)	
26 to 27	Reserved	
28	TG 28: National Railroad Retirement Investment Trust – IRC Section 501(c)(28)	
29	TG 29: Qualified Nonprofit Health Insurance Issuers – IRC Section 501(c)(29)	
30 to 41	Reserved	
42	TG 42: Qualified State Sponsored High Risk Insurance Organization – IRC Section 501(c)(26)	
43	TG 43: Qualified State Sponsored Workers' Compensation Organization – IRC Section 501(c)(27)	
44	TG 44: Qualified Tuition Programs – IRC Section 529	7/14/2023
45	TG 45: Suspension of Exempt Status – IRC Section 501(p)	12/10/2021
46 to 47	Reserved	
48	TG 48: Unrelated Business Income Tax	
49 to 51	Reserved	
52	TG 52: Feeder Organizations – IRC Section 502	
53 to 54	Reserved	
55	TG 55: Political Organizations – IRC Section 527	
56	TG 56: Proxy Tax on Lobbying and Political Expenditures – IRC Section 6033(e)(2)	
57	TG 57: Taxes on Net Investment Income – IRC Section 4940	12/10/2021
58	TG 58: Excise Taxes on Self-Dealing – IRC Section 4941	3/11/2022
59	TG 59: Taxes on Foundation Failure to Distribute Income – IRC Section 4942	12/10/2021
60	TG 60: Taxes on Excise Business Holdings – IRC Section 4943	12/10/2021
61	TG 61: Excise Taxes on Investments Which Jeopardize Charitable Purposes – IRC Section 4944	12/10/2022
62	TG 62: Excise Taxes on Taxable Expenditures – IRC Section 4945	3/11/2021

TG No.	TG Title	Publish Date
63	TG 63: Disqualified Persons – IRC Section 4946	9/10/2021
64	TG 64: Application of Taxes on Denial of Exemption to Certain Foreign Organizations – IRC Section 4948	12/10/2021
65	TG 65: Excess Benefit Transactions – IRC Section 4958	7/14/2023
66 to 69	Reserved	
70	TG 70: Charitable Trusts	
71	TG 71: Nonexempt Charitable Trusts – IRC Section 4947	
71 to 85	Reserved	
86	TG 86: Automatic Revocation	
87 to 89	Reserved	
90	TG 90: Excise Taxes	
91	TG 91: Excise Tax on Investment Income – IRC Section 4968	
92 to 94	Reserved	
95	TG 95: Penalties	
96 to 114	Reserved	