

**Exempt Organizations Recommended Actions Ending May 24, 2017 (updated # 7 only)**

| No. | Recommendation  | Lead   | ECD                    | Status*   | Actions Taken   |
|-----|---|--|------------------------|-----------|---|
| 1   | Ensure that the memorandum requiring the Director, Rulings and Agreements, to approve all original entries and changes to criteria included on the BOLO listing prior to implementation be formalized in the appropriate Internal Revenue Manual.   | Director, Exempt Organizations                   | 6/28/2013<br>9/30/2013 | Completed | Because the use of the BOLO lists was suspended (reported in June), the memorandum is no longer operational therefore we are closing this recommendation. However, separately, we are revising the IRM that provides guidance on processing exempt application and have incorporated into the draft comments received from the Taxpayer Advocate and providing training to staff on how to apply appropriate screening criteria.  |
| 2   | Develop procedures to better document the reason(s) applications are chosen for review by the team of specialists (e.g., evidence of specific political campaign intervention in the application file or specific reasons the EO function may have for choosing to review the application further based on past experience).  |  | 9/30/2013              | Completed | Procedures were issued to all specialists on September 30, 2013, providing written instruction on classifying applications when issuing an approval based on the original submission is not an option. This recommendation is closed. The following procedures will be incorporated into the Internal Revenue Manual:<br><ul style="list-style-type: none"> <li>• Interim guidance issued on September 30, 2013 on procedures for EO Determinations Unit regarding initial classification of applications.</li> <li>• Interim guidance issued on September 30, 2013 on new Emerging Issue Committee as the central point of contact for all emerging issues.</li> </ul>   |
| 3   | Develop training or workshops to be held before each election cycle including, but not limited to, the proper ways to identify applications that require review of political campaign intervention activities.  | Director, Exempt Organizations                   | 1/31/2014              | Completed | Training materials are completed. Formal training courses number have been assigned as Identification of Possible Political Campaign Intervention Activity. Training will be held before each federal election cycle. This recommendation is closed.  |
| 4   | Develop a process for the Determinations Unit to formally request assistance from the Technical Unit and the Guidance Unit. The process should include actions to initiate, track, and monitor requests for assistance to ensure that requests are responded to timely.   | Director, Exempt Organizations                   | 6/28/2013<br>1/31/2014 | Completed | <b>Updated OCTOBER 2013</b><br>The long-term plan as noted in the June report was to engage Business Systems Planning to research subsequent electronic solutions to be completed by January 31, 2014.<br><br>The new process is documented in written procedures, which enables the use of a spreadsheet-based tracking tool. We are closing this recommendation as the required actions have been completed. However, IRS will expand its efforts through development of a long-term plan.  |
| 5   | Develop guidance for specialists on how to process requests for tax-exempt status involving potentially significant political campaign intervention. This guidance should also be posted to the Internet to provide transparency to organizations on the application process.   | Director, Exempt Organizations                   | 6/27/2013<br>1/31/2014 | Completed | In June 2013, the IRS issued an <a href="#">interim guidance</a> memorandum to offer optional, expedited processing to <a href="#">certain section 501(c)(4)</a> organizations whose applications had been pending for more than 120 days as of May 28, 2013. On December 23, 2013, further <a href="#">interim guidance</a> was issued expanding this optional expedited processing to <a href="#">all section 501(c)(4)</a> applicants whose applications indicate that the organization may be involved in political campaign intervention or in providing private benefit to a political party and that otherwise do not present any issue with regard to exempt status. Both memoranda are posted on the internet (linked above). This recommendation is closed. |
| 6   | Develop training or workshops to be held before each election cycle including, but not limited to: a) what constitutes political campaign intervention versus general advocacy (including case examples) and b) the ability to refer for follow-up those organizations that may conduct activities in a future year which may cause them to lose their tax-exempt status. | Director, Exempt Organizations                   | 1/31/2014              | Completed | Training materials are completed. Formal training courses number have been assigned for 6a: as Political Campaign Intervention and Other Advocacy and 6b: as Referral of Cases to EO Exam Classification. Training will be held before each federal election cycle. This recommendation is closed.  |
| 7   | Provide oversight to ensure that potential political cases, some of which have been in process for three years, are approved or denied expeditiously.   | Director, Exempt Organizations                   | 1/31/2014              | Completed | New review process and an expedited option for priority backlog cases was implemented on June 8th, 2013. Representation letters were sent to applicants the week of June 24, 2013 with the opportunity to self-certify. This recommendation was kept open to report the current status of those original backlog cases. We will continue to report monthly until they are closed, but are changing the status to closed.<br><br><b>• As of May 24, 2017, 142 (98%) of the 145 organizations included in the expedited process have been resolved. This includes 109 cases that received favorable determination letters, including 43 applicants participating in the optional expedited process.</b>   |
| 8   | Recommend to IRS Chief Counsel and the Department of the Treasury that guidance on how to measure the "primary activity" of I.R.C. § 501(c)(4) social welfare organizations be included for consideration in the Department of the Treasury Priority Guidance Plan.   | Commissioner, Tax Exempt and Government Entities | 5/3/2013               | Completed | Updated AUGUST 2013<br><ul style="list-style-type: none"> <li>• Department of the Treasury released the 2013-2014 Priority Guidance Plan on August 9, 2013 and includes guidance under §501(c)(4) relating to measurement of an organization's primary activity and whether it is operated primarily for the promotion of social welfare, and guidance relating to political campaign intervention.</li> </ul>  |
| 9   | The Director, EO, should develop training or workshops to be held before each election cycle including, but not limited to, how to word questions in additional information request letters and what additional information should be requested.  | Director, Exempt Organizations                   | 1/31/2014              | Completed | Training materials are completed. Formal training courses number have been assigned as Political Campaign Intervention and Other Advocacy – Requesting Information. Training will be held before each federal election cycle. This recommendation is closed.  |