



IRS Nationwide  
**TaxForum** | 2020

**Charities & Tax-Exempt  
Organizations Update**

## Seminar Objectives

- How to complete the new electronic Form 1023
- Learn when to use Form 1023-EZ instead of Form 1023
- Learn why your Form 1023-EZ was rejected
- How to use Tax Exempt Organization Search (TEOS)
- Learn about recent law and guidance affecting charities
- How [StayExempt.IRS.gov](http://StayExempt.IRS.gov) can help you maintain tax-exempt status

## Electronic Form 1023

- Form 1023 is no longer a paper form
- It must be filed electronically
- Use Pay.gov to complete

## How to Complete Electronic Form 1023

- Create a Pay.gov account
- Search “1023” on Pay.gov
- Pay.gov and IRS.gov resources

## How to Complete Electronic Form 1023

- Interactive - help buttons, schedules, logic checks
- Text boxes – appointment of board members, activities, etc.

# How to Complete Electronic Form 1023

- Signature
- PDF attachment

## How to Complete Electronic Form 1023

- User fee - bank account, credit or debit card
- [StayExempt.IRS.gov](http://StayExempt.IRS.gov) - “Starting Out”
- Contact us - 877-829-5500

## When to Use Form 1023-EZ Instead of Form 1023

- Form 1023-EZ Eligibility Worksheet
- Effective date
- No expedited handling



# IRS Rejected Your Form 1023-EZ Most Common Reasons

“Where's My Application for Tax-Exempt Status?”



## Why IRS Rejected Your Form 1023-EZ

- Ineligible to file
- Insufficient user fee
- No reply to request for additional information
- Invalid info:
  - Invalid Employer Identification Number (EIN)
  - Inaccurate date of incorporation or formation

## Form 1023-EZ is Rejected Ineligible to File

- Rev. Proc. 2014-11, ineligible for section 4
- Rev. Proc. 2014-11, section 4 change in foundation status
- Projected gross receipts expected to average more than \$50,000
- Limited liability companies
- For-profit entities or successors to for-profit entities
- Organizations that are currently or were previously exempt under another subsection of Section 501(c)

## Form 1023-EZ is Rejected User Fee

- Insufficient funds
- Credit/Debit card declined

## Form 1023-EZ is Rejected No Reply

- Organizing document
- Activities description
- Financial data
- Activities clarification
- Type of legal entity

## Form 1023-EZ is Rejected Invalid Info

- Invalid EIN
- Inaccurate date of incorporation or formation

# Tax Exempt Organization Search

## IRS.gov/TEOS

- Eligible to receive tax-deductible charitable contributions (Pub 78)
- Form 990-N (e-Postcard) annual electronic notice
- Automatically revoked
- Forms 990, 990-EZ, 990-PF, and 990-T (for 501(c)(3) organizations only) filed in January 2018 and later
- Favorable determination letters for tax-exempt status issued on or after January 1, 2014

## Recent Legislation

- Taxpayer First Act of 2019 (TFA)
- Taxpayer Certainty and Disaster Tax Relief Act of 2019



[IRS.gov/coronavirus](https://www.irs.gov/coronavirus)



## Recent Legislation Taxpayer First Act

- Electronic filing
- Auto-revocation notice
- Taxpayer First Office (TFO)

# Recent Legislation

## Taxpayer Certainty & Disaster Tax Relief Act

### Taxpayer Certainty and Disaster Tax Relief Act - 2019

- IRC 512(a)(7) repeal –“parking tax” from
- Tax Cuts and Jobs Act of 2017 (TCJA)
- Section 4940 excise tax change
- 501(c)(12) 85% member-income test change

## Recent Guidance

- Proposed and final regulations and other guidance under the Tax Cuts and Jobs Act
  - Separate reporting of unrelated trade or business income
  - Excise tax on compensation over \$1 million
- Notice 2020-36 regarding group rulings process
- Final regulations affecting Form 990, Schedule B

## Resources on [StayExempt.IRS.gov](http://StayExempt.IRS.gov)

- Applying for Section 501(c)(3) status
- Overview of Form 1023 e-Filing
- Maintaining 501(c)(3) tax-exempt status
- Employment issues
- Required disclosures
- Form 990 Overview course
- Unrelated Business Income
- Political Campaigns and Charities: The ban on political campaign intervention

## Exempt Organizations Update [IRS.gov/EOupdate](https://www.irs.gov/EOupdate)

- IRS newsletter related to tax-exempt organizations
- New forms, guidance and other publications
- Changes and additions to the IRS Charities and Nonprofits webpage
- Upcoming IRS training and outreach events

## Contact Us

- Web - [IRS.gov/charities](https://www.irs.gov/charities)
- Call - Customer Account Services:  
877-829-5500
- Write - Internal Revenue Service  
Exempt Organizations  
P.O. Box 2508 Cincinnati, OH 45201
- Fax - (855) 204-6184