



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

February 27, 2020

Number: **2020-0001**

Release Date: 3/27/2020

CONEX-102997-20

UIL: 506.00-00

The Honorable Ann McLane Kuster  
U.S. House of Representatives  
Washington, DC 20515

Attention:

Dear Representative Kuster:

I am responding to your letter dated January 8, 2020, to Leonard Oursler, our former National Director for Legislative Affairs. You asked about the requirement for organizations exempt under Section 501(c)(4) of the Internal Revenue Code to notify the IRS that they are operating under that section by submitting Form 8976, Notice of Intent to Operate Under Section 501(c)(4). In addition, you asked if the IRS has considered exempting chapter organizations that are included in a group exemption from this requirement, and if so, the reason for not granting such an exemption.

Section 405 of the Protecting Americans from Tax Hikes Act of 2015 (Pub. L. No. 114-113, div. Q), added Section 506, which imposes the requirement that Section 501(c)(4) organizations notify the IRS of their operation. Section 506 also requires the IRS to send an acknowledgement of receipt within 60 days of receiving the organization's completed and properly submitted notification.

Recently, Treasury and the IRS issued final regulations under Section 506. Before issuing those rules, Treasury and the IRS considered public comments asking whether a Section 501(c)(4) subordinate or chapter organization in a central organization's group ruling is excepted from the requirement to submit Form 8976.

In addition, we considered whether the notification requirement is satisfied when the central organization informs the IRS that it is adding the subordinate organization to its group ruling. The group ruling process is an administrative procedure that the IRS provides for recognizing the tax-exempt status of Section 501(c)(4) subordinate organizations in lieu of the optional process for filing an application for recognition of

exemption on Form 1024-A, Application for Recognition of Exemption under Section 501(c)(4) of the Internal Revenue Code.

The final regulations did not adopt the commenters' suggestions because there is no statutory basis for relieving subordinate organizations of the notification requirement, nor the IRS of its obligation to acknowledge receipt of Form 8976.

In addition, a group ruling update requires different information than an organization initially provides on the Form 8976. Also, the requirement to submit Form 8976 is separate and independent from the optional processes for obtaining recognition of exemption, either by filing Form 1024-A or by being included in a central organization's group ruling.

However, any individual authorized by an organization to submit the form and receive communications on its behalf, may submit Form 8976. Following this approach, a chapter organization could authorize an individual, including an individual from the central organization, to file Form 8976 and to receive communications about the notification requirement on the chapter's behalf.

I hope this information is helpful. If you have any questions, please contact me at  
or at .

Sincerely,

Matthew Giuliano  
Branch Chief  
Exempt Organizations, Branch 1  
(EEE Associate Chief Counsel)