

# **Bond Case Briefs**

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## **Private Letter Ruling: IRS Summarizes Purpose of Exempt Entities Code.**

The IRS explained that the National Taxonomy of Exempt Entities code assigned to an exempt organization to characterize the organization in terms of its primary exempt activity is not relevant to any determination under the internal revenue laws or to tax-exempt status.

Release Date: 3/29/2013

Date: January 14, 2013

Dear \* \* \*:

This letter responds to your letter dated July 31, 2012, requesting that we change the National Taxonomy of Exempt Entities (NTEE) Code of ORGANIZATION. You stated that your current activity code, as shown on the Exempt Organizations Business Master File (EOBMF), does not reflect the activities of your organization.

The National Taxonomy of Exempt Entities (NTEE) Code is a three or four-character code that attempts to characterize the organization in terms of its primary exempt activity. The IRS began issuing new exempt organizations an NTEE code as part of the determination process in 1995. The determination specialist assigns an NTEE code to each organization exempt under I.R.C. § 501(a) as part of the process of closing a case when the organization is recognized as tax-exempt. The many variables involved in applying the codes, including the fact that organizations often have numerous activities, can provide challenges when attempting to precisely capture an organization's primary exempt activity.

Prior to 1995, the exemption application provided space for the taxpayer to identify three activity codes. EOBMF may contain an activity code for these organizations rather than an NTEE code. These activity codes do not coincide with the newer NTEE codes.

The NTEE code is not relevant to any determination under the internal revenue laws or to tax-exempt status. Accordingly, no procedures are currently in place by which an organization can request a change to their self-identified activity codes, or an NTEE code, or to request the issuance of a NTEE code when one was not previously issued.

In addition, there is no formal guidance issued by the IRS that either permits or requires any person, or organization, to rely on NTEE codes for any purpose under the internal revenue laws. An organization's application for tax-exempt status and Forms 990 are required to describe in sufficient detail the organization's exempt purpose and activities.

This letter is for informational purposes only and provides general statements of well-defined law. It is not a ruling and taxpayers cannot rely on it as such. (Rev. Proc. 2011-1, 2011-1 I.R.B. 1; Rev. Proc. 2011-4, 2011-1 I.R.B. 123). We will make this letter available for public inspection after deleting names, addresses and other identifying information, as appropriate, under the Freedom of

Information Act (Announcement 2000-2, 2000-2 I.R.B. 295). A copy of this letter with the proposed deletions is attached.

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

Sincerely,

[signature omitted]

Manager, Exempt Organizations

Guidance

Enclosure

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