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IRS Could Expand Types of EOs Eligible to Use Streamlined Form.

An IRS official on April 23 held out the possibility that categories of small charitable organizations ineligible to use a new streamlined application for tax-exempt status eventually could become eligible.

The IRS released the most recent version of draft Form 1023-EZ, "Streamlined Applications for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code," on April 23, and as it stands now, entities such as churches, hospitals, colleges and universities, supporting organizations, and organizations with donor-advised funds cannot use the form. But during a conference call with reporters, IRS Tax-Exempt and Government Entities Commissioner Sunita Lough said the IRS could change its mind and decide that some categories of organizations currently ineligible to file the form should be eligible.

"This is not cut in stone," Lough said, also pointing out that churches are not required to complete an application. She said that although the deadline for comments is April 30, the IRS would like to receive feedback from exempt organizations and practitioners beyond that date, especially after the form is implemented.

Asked about concerns that the draft form may not give the agency enough information about an applicant, Lough said the document will provide sufficient information to meet the requirements of the regulations and the code. She added that the IRS will devote more resources to determining how an organization is operating after it receives exemption, such as by reviewing its information returns and conducting compliance checks.

Lough predicted the streamlined application, which would be available to organizations whose gross receipts do not exceed \$200,000, will be a huge benefit for smaller organizations because it will help them reduce paperwork burdens. "Based on the new form, we think we should be able to complete the applications for these smaller entities much faster, so they can go about doing their business and we can put our resources at the appropriate places," she said.

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by [Fred Stokeld](#)