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Small EOs Can Use Short Form to Seek Reinstatement of Exemption.

Small charitable organizations that have had their tax-exempt status revoked automatically for failure to file IRS information returns for three straight years will be able to seek restoration of their exemptions by using a new streamlined exemption application, an official with the agency said April 24.

Tamera L. Ripperda, who in January became director of exempt organizations in the IRS Tax-Exempt and Government Entities Division, discussed draft Form 1023-EZ, "Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code," in Arlington, Va., at a conference sponsored by the Georgetown University Law Center's Continuing Legal Education program. Other officials from Treasury and the IRS talked about section 501(c)(4) guidance and the planned realignment of TE/GE with the IRS Office of Chief Counsel.

Ripperda noted that organizations seeking reinstatement after having their exemption automatically revoked currently must complete Form 1023, "Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code." But after Form 1023-EZ is implemented, automatically revoked organizations whose gross receipts are not more than \$200,000 and who meet the requirements of sections four and seven of Rev. Proc. 2014-11, 2014-3 IRB 411 (which provides procedures to regain exemption following automatic revocation) can use the short form, she said, adding that the IRS expects the streamlined application to be ready this summer.

"Many of those EOs, we recognize, are run by volunteers," Ripperda said. "Being able to use the EZ for the reinstatement is much less burdensome," if the organization is eligible, she said.

Ripperda said the only way applicants will be able to file the form is electronically, and the form will not be accepted if it is incomplete or if the user fee is missing. She added that unlike Form 1023, for which the amount of the user fee depends on an organization's size, there is just one fee for all filers of the simplified form.

When asked whether a small organization preparing to apply for exemption in the next month or two should wait for the Form 1023-EZ to come out, Ripperda declined to make a recommendation, explaining that a decision on whether to use the long or short form probably would depend on an organization's situation and activities. She also said the IRS is not processing applications for reinstatement ahead of applications that have been submitted for the first time.

The existence of the streamlined form was not widely known until recently. TE/GE Commissioner Sunita Lough discussed the form in a phone call with reporters April 23.

Deadline Approaching

Ruth Madrigal, attorney-adviser, Treasury Office of Tax Legislative Counsel, reminded the audience about transition relief in Rev. Proc. 2014-11 that allows an automatically revoked organization that

had its exemption reinstated prospectively before the revenue procedure was issued to reapply for retroactive reinstatement if the organization would have met the revenue procedure's retroactive reinstatement requirements. The deadline for reapplying is May 2, which is coming up "really fast," she noted. "So if you have organizations that might be able to take advantage of this, take a look at that revenue procedure," Madrigal said.

Workplan Still Alive

Ripperda also said the IRS did not release an exempt organizations examinations workplan in 2013 because of all the changes and process improvement activities underway at the time. But she said the workplan has not gone by the wayside and the IRS will resume publishing it in the future.

Realignment of TE/GE With Chief Counsel

Victoria Judson, division counsel/associate chief counsel, IRS Office of Associate Chief Counsel (TE/GE), discussed plans to move issuance of revenue rulings, revenue procedures, technical advice memoranda, and some private letter rulings from TE/GE to chief counsel. When that happens, there will be new administrative guidance as well as directions on where to send private letter ruling requests, she said. Addressing concerns about the timeliness of processing letter ruling requests, she said chief counsel can work requests quickly, though it may need some time to develop a system to handle the new work it receives.

Political Activity Guidance Redo?

Madrigal declined to confirm recent remarks by IRS Commissioner John Koskinen that have led to speculation the agency might scrap controversial proposed regulations (REG-134417-13) on political activities of section 501(c)(4) organizations and start over, saying she did not know what the commissioner has said and that she could not predict where the process will lead. When asked whether the definition of candidate-related political activity in the proposal might move beyond section 501(c)(4) to cover section 501(c)(3) entities as well, she pointed out that the proposed regs' preamble asks about extending the definition to other categories of exempt organizations and suggests the definition might need to be tweaked if applied to section 501(c)(3) because of that code section's absolute prohibition on campaign intervention. She added that Treasury and the IRS will look closely at comments they receive on that question.

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by [Fred Stokeld](#)