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Final, Temporary Regs Published on Streamlined Exemption Process.

The IRS has published final and temporary regulations that provide guidance on a streamlined application process that eligible organizations may use to apply for recognition of tax-exempt status under section 501(c)(3). The text of the temporary regs also serves as the text of concurrently issued proposed regs.

The IRS is developing a streamlined form and procedures for some smaller organizations to make the process of meeting the section 508 notice requirements more efficient for those organizations. Thus, effective July 1, 2014, the final and temporary regs amend the applicable rules to allow eligible organizations to use a streamlined process to meet the section 508 requirements.

The regs give Treasury and the IRS the authority to issue guidance providing an exception to the requirement that an organization applying for tax-exempt status provide a detailed statement of its proposed activities. The regs also amend provisions on the IRS's ability to revoke a determination because of a change in the law or regulations, or for other good cause, to refer to the IRS's authority to do so retroactively under section 7805(b). According to the preamble, no substantive change is intended by this amendment.

The regs amend a requirement that an organization claiming to be exempt from filing annual returns file with and as a part of its application a statement supporting its claim. According to the preamble, the change allows the IRS to issue guidance providing other methods of notifying the IRS that the organization is claiming an annual filing exemption. The regs provide that eligible organizations may use Form 1023-EZ, "Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code," to notify the IRS of their applications for tax-exempt status under section 501(c)(3). The IRS has concurrently issued guidance that provides the procedures for applying for recognition of exemption using Form 1023-EZ. The regs also make some technical changes that are described in the preamble.

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