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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

April 14, 2025

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MEMORANDUM FOR EXEMPT ORGANIZATIONS
RULINGS AND AGREEMENTS EMPLOYEES

FROM: April D. Hausler /s/ *April D. Hausler*
Acting Director, Exempt Organizations (EO) Rulings and Agreements

SUBJECT: Processing EO Rulings and Agreements Refunds Electronically in Pay.gov

This memorandum provides procedures for the Adjustments Unit to follow when issuing electronic user fee refunds for EO application requests received in Pay.gov.

Background/Source(s) of Authority

IRM 7.21.2.4, User Fee Refunds, states that (1) EO and EP refunds user fees if they are overpaid or refundable per Rev. Proc. 2023-4 and 2023-5 (both updated annually); (2) The Adjustments Unit inputs user fee refund requests from both EO and EP; and (3) Beckley Finance Center processes user fee refunds. The Kansas City Campus generates and mails the checks.

Procedural Changes

If a user fee refund is due for an EO application request received through Pay.gov, an electronic refund will be issued if a credit card was used by the applicant to pay the user fee. If a non-credit card payment method was used, continue to use current user fee refund processing instructions in IRM 7.21.2.4.1, EO User Fee Refunds.

To process a Pay.gov credit card user fee refund request electronically:

1. Locate the Pay.gov number in MEDS:
    a. Log into MEDS and select “Advanced.”
    b. Enter the Employer Identification Number (EIN), including the dash.
    c. Double click on the Case Information file folder.
    d. Double click the Documents folder.
    e. Double click the Non-Disclosable folder.
    f. Highlight the application form (for example, Form 1023).
    g. From the dropdown list, select “Properties.”

   h. Make note of the Pay.gov Tracking ID number.

2. Update Form 14268, User Fee Refund Request. In the MEDS Non-Disclosable folder:
   a. Right click on the Form 14268 and click “Check Out.”
      Note: A gold key icon is next to the document indicating that it’s checked out.
   b. Review the form for accuracy and completeness. If there are issues:
      i. Email the specialist’s group manager about the issues that need corrected.
      ii. Right click on the form and select “Cancel Checkout.” Do not issue a refund.
   c. Digitally sign Form 14268:
      i. Check the “Signed on behalf of Adjustments Unit Manager” box, if appropriate.
      ii. Save the signed form to an encrypted folder on your computer.
   d. Check in the signed Form 14268 into MEDS:
      i. Right click on the document and select “Check In:”
         1. Name the file “Form 14268-User Fee Refund.”
         2. For the “Save as” select the radio button for 1.0 (same version).
         3. Click “Browse.”
         4. Select the signed form saved in your encrypted folder.
         5. Select “OK” to check in the signed form.
         6. Click on the case file number link to return to the main case file menu.
   e. Add the MEDS Case Category “User Fee Refund Request Processed:”
      i. Click on the blue “i” icon next to the Case Information to open the Case Information window.
      ii. In the General Case Information tab, scroll down to the Case Category line and click on “Edit” to open the Case Category window.
      iii. Select “User Fee Refund Request Processed” from the list of case categories.
      iv. Click “Add” and it will appear in the applied case categories and click “OK.”
      v. The case category will now appear on the case category line and click “OK.”
   f. Update the MEDS user fee information:
      i. From the “File” button, click “Change Case.”
      ii. Select “Modify User Fee Information” and click “OK.”
      iii. Update the fee code to reflect the “Correct User fee” from the Form 14268, if necessary.
      iv. Check the box below “Refund Indicator” next to the amount to be refunded.
      v. Ensure the User fee Indicator box isn’t checked and the payment status is “C – Correct.”

3. Process the user fee refund in Pay.gov:
   a. Log into Pay.gov.
   b. Select “Transaction Search.”
   c. Enter the Pay.gov tracking number and select “Search.”
   d. View payment type
      Note: Payment type must be card to process refund in Pay.gov. All ACH payments are processed using standard user fee refund instructions.
   e. Scroll right to “Actions” and select “Refund” from the drop-down menu.
   f. On the refund initiation screen, enter the amount to be refunded.

g. Select “Review” and check the box once you have reviewed the transaction and authorized it for refund.
h. Select “Submit.”
i. Select “Email” and select the correct email box, hit “Send Email.”

4. Input the EO user fee refund request in the LINUS Refund application:
   a. Open LINUS Refund and click EO LOOKUP.
   b. Input the EIN to show the Transaction History.
   c. Click on the tile to the left of the DLN associated with the refund to be processed.
   d. The action screen will open, click “REFUND:”
      i. On the refund screen, highlight the reason for the refund.
      ii. Enter the current date in the Refund Date field.
      iii. Input the refund amount in the Fee Received field.
      iv. Click “SPLIT” (LINUS automatically splits the refund amount between funds).
      v. Click “SAVE.” The refund will show in the transaction history.
      Note: if you need to cancel the current refund entry, click “CANCEL DO NOTHING.”

5. Update the EDS data:
   a. Log into EDS
   b. Select 3 from the Data Transaction System Menu, hit Enter.
   c. Select 3, hit F1.
   d. Select 4, hit F1.
   e. Enter the EDS case number, hit F1.
   Note: The user fee in EDS is all zeros
   f. Hit F1.

Effect on Other Documents

This guidance will be incorporated into IRM 7.21.2 by April 14, 2027.

Effective Date

April 14, 2025

Contact

EO Determinations Area 3 Manager

Distribution

IRS.gov