



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

7.20.2

FEBRUARY 3, 2026

EFFECTIVE DATE

(02-03-2026)

PURPOSE

- (1) This transmits revised IRM 7.20.2, Exempt Organizations Determination Letter Program, Determination Letter Processing of Exempt Organizations.

MATERIAL CHANGES

- (1) Updated procedures, modifying the guidance as listed below:

Subsection	Modification
IRM 7.20.2.1, Program Scope and Objectives	Added Primary Stakeholders.
IRM 7.20.2.1.1, Background	Updated to reflect electronic filing of Form 8940, Request for Miscellaneous Determination, according to Interim Guidance Memorandum TEGE-07-0423-0007, Processing Electronically Submitted Form 8940, issued April 4, 2023.
IRM 7.20.2.1.5, Common Abbreviations	Updated common abbreviations used.
IRM 7.20.2.2.1, Effective Date of Exemption	Updated procedures for processing a change from a Section 501(c)(3) organization to a non-501(c)(3), as described in IGM TEGE-07-0124-0002, Processing a Change from a Section 501(c)(3) to another Paragraph of Section 501(c), issued January 2, 2024.
IRM 7.20.2.2.2, Employer Identification Numbers	Clarified TC 590 request procedures.
IRM 7.20.2.2.3, Case Grades	Added procedures for correcting case grades.
IRM 7.20.2.2.4, Digital Taxpayer Communication	Title of subsection updated from "Taxpayer Digital Communications Secure Messaging" to "Digital Taxpayer Communication" to reflect multiple methods of digital communication now available. Updated procedures to include the Document Upload Tool and remove use of secure email.

Subsection	Modification
IRM 7.20.2.3.1, Expedite Requests	Clarified what constitutes a qualifying expedite request, per Rev. Proc. 2024-5, updated annually.
IRM 7.20.2.3.3, Form 1023 Case Closing Guide Sheet	Added procedures for tax examiners to request specialist involvement when working Guide Sheet cases.
IRM 7.20.2.3.4, Additional Information Requests	Clarified and updated procedures for preparing additional information requests.
IRM 7.20.2.3.6, Change in Subsection/ Application Form During Case Processing	Incorporated procedures from Interim Guidance Memorandum TEGE-07-0124-0002, Processing a Change from a Section 501(c)(3) to another Paragraph of Section 501(c), issued January 2, 2024.
IRM 7.20.2.4, Adverse Determinations	Updated to include procedures provided in Interim Guidance Memorandum TEGE-07-0123-0006, Proposed Adverse Case Processing Updates, issued January 24, 2023. Revised Adverse Determinations section to include preparation of Form 14280, EO Determinations Checklist - Denials.
IRM 7.20.2.4.2, Proposed Adverse Case Closing	Updated proposed adverse processing procedures to include reference to Letter 937-A and Form 14280, EO Determinations Checklist - Denials, based on Interim Guidance Memorandum TEGE-07-0423-0008, Processing Adverse Cases with the Denial Checklist, issued April 3, 2023.
IRM 7.20.2.4.2 (5), Proposed Adverse Case Closing	Updated to include the requirements of a protest, per Rev. Proc. 2024-5.
IRM 7.20.2.5, Case Closing	Updated procedures according to Interim Guidance Memorandum TEGE-07-1022-0034, Updated Case Closing Procedures, issued October 27, 2022. Added procedures for letter processing for non-mandatory review cases.
IRM 7.20.2.5.1, MEDS Case File Assembly	Added MEDS case file assembly procedures.
IRM 7.20.2.5.6, Failure to Establish (FTE)	Clarified when a case closed as an FTE can be reopened.

Subsection	Modification
IRM 7.20.2.7, Commonly Used Letters	Added Letters 1049, Form 1023-EZ Rejection, and Letter 6573, Form 8940 Rejection.
Exhibit 7.20.2-1, Case Assignment Guide (CAG) Case Grading Criteria Matrix	Modified Case Assignment Guide.

- (2) Editorial changes throughout: corrected references; updated links and terms; and revised to conform with plain language standards.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 7.20.2, dated May 10, 2024.
This incorporates the following Interim Guidance Memoranda:
TEGE-07-1022-0034, Updated Case Closing Procedures, issued October 27, 2022.
TEGE-07-0123-0006, Proposed Adverse Case Processing Updates, issued January 24, 2023.
TEGE-07-0423-0007, Processing Electronically Submitted Form 8940, issued April 4, 2023.
TEGE-07-0423-0008, Processing Adverse Cases with the Denial Checklist, issued April 3, 2023.
TEGE-07-0124-0002, Processing a Change from a Section 501(c)(3) to another Paragraph of Section 501(c), issued January 2, 2024.
TEGE-07-0224-0004, Digital Taxpayer Communications, issued February 22, 2024.

AUDIENCE

Tax Exempt and Government Entities
Exempt Organizations
Rulings and Agreements

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7.20.2

Determination Letter Processing of Exempt Organizations

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7.20.2.1
(02-03-2026)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides general case processing procedures for Exempt Organizations Determinations (EOD) specialists to process determination letter requests. EOD specialists perform all actions in this manual unless otherwise specified.
- (2) **Audience:** The procedures in this manual apply to all Exempt Organizations (EO) employees processing determination requests.
- (3) **Policy Owner:** Director, Exempt Organizations and Government Entities.
- (4) **Program Owner:** Exempt Organizations and Government Entities.
- (5) **Primary Stakeholders:** Exempt Organizations, Rulings and Agreements, Determinations.

7.20.2.1.1
(05-10-2024)
Background

- (1) EO includes two primary operational areas: Rulings and Agreements (R&A) and Examinations.
- (2) EO Rulings and Agreements (EO R&A) is responsible for issuing determination letters on exempt status, private foundation classification, and other determinations related to exempt organizations.
- (3) Organizations submit Form 1023, Application for Recognition of Exemption Under Section 501(c)(3), Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3), Form 1024-A, Application for Recognition of Exemption Under Section 501(c)(4), Form 1024, Application for Recognition for Exemption Under Section 501(a) or Section 521, and Form 8940, Request for Miscellaneous Determination, electronically through Pay.gov. Organizations submit other letter applications for tax-exempt status to the Cincinnati Accounts Management Campus Support (Campus Support).
- (4) Campus Support processes the user fee payments in the Letter Information Network and User Fee System (LINUS) and scans the applications/requests into the Modified EO-EP Determination System (MEDS). MEDS transmits the information to the Employee Plans/Exempt Organizations Determination System (EDS).

Note: EDS is the system of record for EO determination cases.

- (5) Campus Support sends open hard copy case files to an IRS facility in Ogden, UT.
- (6) Cases are generally processed electronically in MEDS. See IRM 7.22.4, Modified EO-EP Determination System (MEDS) User Manual, for more information.

7.20.2.1.2
(05-10-2024)
Authority

- (1) Rev. Proc. 2024-5, updated annually, sets forth procedures for issuing determination letters on issues under the jurisdiction of the Director, EO R&A. It explains the procedures for issuing determination letters on exempt status in response to applications for recognition of exemption from federal income tax under Section 501 or 521 (other than those subject to Rev. Proc. 2024-4, updated annually), private foundation classification, and other determinations related to exempt organizations. Rev. Proc. 2024-5 also provides guidance on

the exhaustion of administrative remedies for purposes of declaratory judgment under IRC 7428 and guidance on applicable user fees for requesting determination letters.

7.20.2.1.3
(05-10-2024)
Roles and Responsibilities

- (1) The Director of EO R&A is responsible for issuing determination letters on exempt status, private foundation status, and other determinations related to tax-exempt organizations.
- (2) EO R&A is the office within Exempt Organizations and Government Entities (EOGE) that is primarily responsible for up-front, customer-initiated activities such as determination letter requests, taxpayer assistance, and assistance to other EOGE offices.
- (3) EO R&A includes EO Determinations and EO Determinations Quality Assurance (EODQA).

7.20.2.1.4
(02-03-2026)
Program Management and Review

- (1) EO R&A manages the program, including through:
 - A monthly functional review and report to the Director of EOGE; and
 - Quarterly quality reports prepared by EO Determinations Quality Assurance (EODQA).

7.20.2.1.5
(05-10-2024)
Program Controls

- (1) EODQA reviews determination cases to ensure:
 - a. Technical accuracy,
 - b. Adherence to written procedures,
 - c. Uniform and impartial treatment of exempt organizations' interests while protecting the government's interest,
 - d. Uniform application of the statutes, tax treaties, regulations, court opinions, or guidance published in the Internal Revenue Bulletin, and
 - e. Identification of unfavorable case patterns, trends affecting processing quality, problem areas, unique issues, and new or novel techniques that EOD specialists develop.

7.20.2.1.6
(02-03-2026)
Terms and Acronyms

- (1) Commonly used abbreviations include:

Abbreviation	Name
AIS	Application Information Sheet
CAG	Case Assignment Guide
CCR	Case Chronology Record
DUT - TPFE	Document Upload Tool for Taxpayer Facing Employees
EDS	Employee Plans/ Exempt Organizations Determination System
EIN	Employer Identification Number
EO	Exempt Organizations

Abbreviation	Name
EOD	Exempt Organizations Determinations
EODQA	Exempt Organizations Determinations Quality Assurance
EOGE	Exempt Organizations and Government Entities
FTE	Failure to Establish
IDRS	Integrated Data Retrieval System
MEDS	Modified EO-EP Determination System, also known as TEDS
NTEE	National Taxonomy of Exempt Entities
OAR	Operations Assistance Request
PII	Personally Identifiable Information
POA	Power of Attorney
R&A	Rulings and Agreements
SM	Secure Messaging
TAO	Taxpayer Assistance Order
TAS	Taxpayer Advocate Service
TDC - SM	Taxpayer Digital Communication - Secure Messaging

7.20.2.1.7
(02-03-2026)

Related Resources

- (1) Use the following IRMs in conjunction with this manual when processing requests for determination letters:
 - IRM 7.20.1, Exempt Organizations Determination Letter Overview, includes authorized persons information and disclosure issues.
 - IRM 7.20.3, Processing Foundation Classification and Miscellaneous Requests, includes foundation classification processing information and procedures for processing miscellaneous determination requests.
 - IRM 7.20.4, Automatic Revocation and Other Special Determination Issues, describes automatic revocation procedures, foreign organization processing, and other non-standard procedures.
 - IRM 7.20.5, Review Procedures for EO Determinations, lists cases subject to mandatory review and procedures for responding to review memorandums.
 - IRM 7.20.6, Anti-Terrorism and Other Emerging Issues, describes EO Determinations processing procedures for combatting terrorism.
 - IRM 7.20.9, Processing Form 1023-EZ, includes pre-determination review procedures for specialists.

- IRM 7.21, Exempt Organizations Determinations Processing, describes EO R&A Processing & Support Unit's various roles and procedures.
- IRM 7.22, Exempt Organizations Determination Letter Automation Systems, provides system information primarily for MEDS and EDS.
- IRM 7.28, Exempt Organizations Disclosure Procedures, describes disclosure procedures under IRC 6104(c) and IRC 6110.
- IRM 25.1, Special Topics, Fraud Handbook.

7.20.2.1.8
(05-10-2024)

Types of Determination Cases

- (1) A determination case request is established as one of the following types of cases:

Type of case	Description	Form submitted
I	<ul style="list-style-type: none"> • Initial request for recognition or reinstatement of tax-exempt status under IRC 501 or IRC 521 • Also established if an organization submits information substantiating that its request was erroneously closed as a Failure to Establish (FTE) 	<ul style="list-style-type: none"> • 1023 • 1023-EZ • 1024 • 1024-A • 1028 • Letter request
A	Request for miscellaneous determination (for example, group ruling, advance approval requests, reclassification of foundation classification other than voluntary termination of private foundation classification, etc.)	<ul style="list-style-type: none"> • 8940
P	Request for termination of private foundation classification under IRC 507(b)(1)(B)	<ul style="list-style-type: none"> • 8940

- (2) For cases requiring corrective actions, discuss with your manager.

7.20.2.2
(02-03-2026)
**General Case
Processing
Considerations**

- (1) Conduct Integrated Data Retrieval System (IDRS) research on **all cases** to determine any automatic revocation impact on case processing (IRM 7.20.4.2, Automatic Revocation) or for information necessary to process an A or P case (IRM 7.20.3, Processing Foundation Classification and Miscellaneous Determination Requests). Import all research into the MEDS Non-Disclosable folder and document all actions taken in the Case Chronology Record (CCR).

Note: Always upload case documents into MEDS immediately after they are created.

- (2) Review the case for completeness and to determine whether the organization meets the requirements of the requested determination. If necessary:
 - a. Research the state business division or Secretary of State website in which the organization appears to be incorporated (for example, to clarify the formation date, organization's exact name, or to verify inclusion of a qualifying purpose or dissolution clause).
 - b. Review the organization's website (for example, to clarify a vague narrative of activities or resolve a discrepancy in provided information).
 - c. Conduct internet research for general information (for example, to clarify a vague narrative of activities or resolve a discrepancy in provided information where the organization doesn't provide a website).

Caution: Review cases based on the **activities** of an organization, **not** on words in a name or labels.

Reminder: See *TE/GE Knowledge Management* for technical information on exemption under IRC 501 and foundation classification for organizations described in IRC 501(c)(3).

- (3) Don't ask for information that is already included in the case file or that isn't necessary to make a determination.
- (4) If there are any indicators (signs or symptoms) of fraud, discuss with the group manager. See IRM 7.20.6.5, Potential Indicators of Fraud, and IRM 25.1.9, Fraud Handbook, Tax Exempt/Government Entities (TE/GE), for more information.

Reminder: Document all actions taken in the CCR.

7.20.2.2.1
(05-10-2024)
**Effective Date of
Exemption**

- (1) Automatic revocation considerations under IRC 6033(j) generally apply when determining the effective date of exemption. IRM 7.20.4, Automatic Revocation and Other Special Determination Issues, provides effective date guidelines for automatic revocation reinstatement requests as well as certain initial requests for exempt status (for example, when an organization changes legal form). In general, to be recognized as exempt from its date of formation, an organization applying for exemption must:
 - a. File its application for exemption within 27 months from the end of the month it was legally formed (which includes an automatic 12-month extension of the time to file an application for exemption).
 - b. Establish its purposes and activities prior to a determination were consistent with the requirements for exemption since its inception.

- (2) Special rules may apply to an organization seeking recognition of exemption under IRC 501(c)(3), (9), (17), or (29). (See IRC 505 and 508, and Treas. Reg. 1.505(c)-1T, 1.508-1(a), and 301.9100-2(a)(2)(iii) and (iv). See also IRC 501(c)(29), Treas. Reg. 1.501(c)(29)-1 and Rev. Proc. 2015-17.) In its application for recognition of exemption under IRC 501(c)(3), (9), (17), or (29), an organization that has not filed its application within the required time period may request relief under Treas. Reg. 301.9100-3 in order to be recognized and treated as tax-exempt effective as of a date earlier than the date of application. EO R&A may grant such relief if the requirements for relief are met and consistent with Rev. Proc. 2024-5 (updated annually).
- (3) Rev. Proc. 2024-5 provides that EO R&A won't:
- Grant relief under Treas. Reg. 301.9100-3 if granting request for relief would result in the organization's exemption being automatically revoked under IRC 6033(j)(1) effective before the date of application.
 - Grant relief under Treas. Reg. 301.9100-3 if the period of limitations on assessment under IRC 6501(a) for any taxable year for which the organization claims exemption has expired prior to the date of application.
 - Consider relief for an organization that is not required to apply for recognition of exempt status in order to be tax-exempt (for example, a church).

Caution: Filing relief does not apply to organizations requesting reinstatement of exempt status after automatic revocation. See IRM 7.20.4.2, Automatic Revocation.

Note: An organization that is excluded from the 27-month (application) notice requirement but is otherwise required to file a Form 990-series annual return or notice may still be subject to automatic revocation.

- (4) Request information, as necessary, to determine whether to grant relief to an organization that requests consideration under Treas. Reg. 301.9100-3 in its application.
- a. Secure agreement from your manager on whether to grant relief and document managerial concurrence of approval or denial in the CCR.
 - b. Prepare a Form 14261, Memorandum to File - EO Determinations Case Closing, documenting whether relief was granted and why.
 - c. Input TC590, if appropriate, to prevent erroneous revocation.
 - d. Continue to process cases using "no-gap" procedures and push to Status 97 if the taxpayer's exemption is automatically revoked under Section 6033(j) on or after the application date but before issuance of a favorable determination letter. If the taxpayer qualifies for relief under Treas. Reg. 301.9100-3 under the procedures discussed above, then its effective date of exemption is retroactive to formation. If the taxpayer does not qualify for relief, then its effective date is the application date.
 - e. Select the appropriate MEDS case category for 9100 Relief (whether or not granted).
- (5) In all instances where the request for exemption is being approved but relief under Treas. Reg. 301.9100-3 isn't being granted, call the organization and explain why relief isn't being granted. Prepare and send the correct determination letter along with Letter 6392, 9100 Effective Date. These cases are not processed as proposed adverse determinations or proposed approvals with an adverse issue.

Reminder: Document the call in the CCR.

- (6) An organization that doesn't file an application for exemption within 27 months of formation or doesn't request and meet relief requirements is recognized as exempt from the date it files its application (see Rev. Proc. 2024-5, updated annually, IRC 508(a) and IRC 505(c) and related regulations, and Treas. Reg. 301.9100-2).
 - a. If an application is returned because it's substantially incomplete, the filing date is the date the organization resubmits a complete application and the IRS accepts it for processing.
 - b. For the filing/submission date of Form 1023-EZ, see IRM 7.20.9, Processing Form 1023-EZ.
 - c. For other applications required to be submitted on Pay.gov, the filing date (control date on MEDS) is the date the application is submitted on Pay.gov.
- (7) Recognize exempt status in advance of operations if the organization can describe its proposed operations in sufficient detail to permit you to conclude that it meets the particular requirements of the section under which it's requesting exemption.
- (8) An organization that wasn't described in any IRC 501(c) from the time it was formed is recognized as exempt as of the date the organization is first described in IRC 501(c). In this case, explain the issue to the organization and secure a signed written statement agreeing to a specific effective date.

Example: An organization requesting exemption under IRC 501(c)(3) could submit, "We agree the effective date of our exempt status under IRC 501(c)(3) is _____. We also agree that from _____through _____we did not qualify for recognition of exemption from federal income tax and that contributions during this period are not deductible under IRC 170."

- (9) An organization formed as a for-profit corporation that changes to a non-profit entity is generally granted exemption as of the date it met the requirements (for example, organizational and operational) for the requested exempt status.
- (10) An applicant for exemption under IRC 501(c)(3) formed as a mutual benefit organization is generally granted exemption as of the date it is re-formed as a public benefit organization, if it meets all other exemption requirements. Discuss and secure acknowledgement of the effective date in writing from the organization.
- (11) A non-exempt corporation operating in an exempt manner as an unincorporated association prior to incorporating may also be recognized as exempt for the period it operated in an unincorporated status (see Rev. Rul. 54-134). If the organization wants recognition for the unincorporated period:
 - a. Secure the organizing document from the unincorporated period.
 - b. Enter the date of incorporation as the effective date of exemption on the determination letter.
 - c. Add an addendum referencing the prior effective period.

Example: Your exemption under IRC 501(c)[subsection] is effective from the date you were formed as an unincorporated association, [date of association formation], to the date of your incorporation, [date of incorporation].

Note: Automatic revocation considerations also apply to any prior effective period being considered (for example, while operating as an unincorporated association) and may affect whether an organization wants recognition for that period (IRM 7.20.4.2, Automatic Revocation).

Reminder: If the application is not filed within 27 months from the date of formation as a corporation, the effective date is the postmark date of the application. See Rev. Proc. 2024-5 (updated annually).

- (12) A tax-exempt organization must submit a new application for exemption to request a change in subsection. For subsection changes other than IRC 501(c)(3) to another subsection:
- Determine the effective date based on when the organization's purposes and activities changed **and** when the organizational document was amended to meet any organizational test requirements.
- Note:** The organization may agree to exemption under the new subsection effective as of the filing date of the new application as long as the other requirements are met as of that date.
- Include the appropriate selective paragraphs on the determination letter, referencing the effective date of the new subsection and the period covered under the prior subsection.
 - Enter the original (BMFOLO) Effective Date and Ruling Date in the MEDS closing information tab.
 - If the application is not filed within 27 months from the date the organizational documents and activities were amended to meet any requirements, the effective date is the postmark date of the application. See Rev. Proc. 2024-5, updated annually.
- (13) Section 3.01 of Rev. Proc. 2024-5, updated annually, provides that for a currently recognized IRC 501(c)(3) organization (other than a private foundation) seeking recognition under another paragraph of IRC 501(c):
- The organization must distribute its assets to another IRC 501(c)(3) organization or government entity.
 - If necessary, the organization must change its organization and operations to satisfy the requirements of the paragraph of IRC 501(c) under which it wants to be recognized.
- Note:** It's possible that an IRC 501(c)(3) organization also meets the requirements of another IRC 501(c) paragraph without changing its organization structure or operations.
- The organization must submit a Form 1024/1024-A and, with that application, the organization must represent that its assets have been distributed as of application submission date and provide a description of the assets distributed, date of distribution, and name, EIN, and address of each recipient. It must also agree to submission (postmark) date for recognition under the new paragraph of IRC 501(c).

- d. If necessary to reflect the change in type of exempt status, the specialist must complete Form 2363-A.
- e. Organizations seeking to be recognized as described in IRC 501(c)(4) should be reminded that they are required to file Form 9970 within 60 days of the date they submit their Form 1024-A. If an organization previously described in IRC 501(c)(3) submits Form 9970 within such period, it will be considered to have reasonable cause for not filing a Form 9970 within 60 days of its formation.
- f. These procedures do not apply to certain organizations covered by Section 504(a). Section 504(a) provides that if an organization that was described in IRC 501(c)(3) ceases to be described in that Section either: (a) because of carrying on propaganda, or otherwise attempting, to influence legislation; or (b) because it participates in, or intervenes in, any political campaign on behalf of (or in opposition to) any candidate for public office, it shall not at any time thereafter be treated as an organization described in IRC 501(c)(4). Section 1.504-1 of the Regulations adds that Section 504(a) also applies to an organization that ceases to be described in IRC 501(c)(3) because it is an action organization within the meaning of Section 1.501(c)(3)-1(c)(3)(ii) or (iv), on account of activities occurring after October 4, 1976, or is denied exemption under the provisions of Section 501(h).
- g. These procedures do not apply to IRC 501(c)(3) organizations classified as private foundations, which must follow the termination rules of Section 507. See Section 509(b).
- h. An organization previously recognized as described in IRC 501(c)(3) that has had its tax-exempt status revoked after examination is no longer described in IRC 501(c)(3). It is not required to follow the Application Requirements described above, and it may be eligible for a determination letter that it is described in a new paragraph of IRC 501(c) with an effective date of the date its application was submitted, provided it meets the requirements for the paragraph of IRC 501(c) under which it seeks exemption, it is not a private foundation, and Section 504 does not apply.
- i. Similarly, an organization that was formerly recognized as described in IRC 501(c)(3) but whose status was automatically revoked pursuant to Section 6033(j) and that now seeks to be recognized as described in a different paragraph of IRC 501(c) will not have to follow the Application Requirements if it does not seek such status retroactive to its automatic revocation date. Such an organization is no longer described in IRC 501(c)(3) and, if it is not a private foundation, may be eligible for a determination letter that it is described in a new paragraph of IRC 501(c), provided it meets the requirements for the paragraph of IRC 501(c) under which it seeks exemption. The effective date of such a determination letter will be the date the organization submits its application.
- j. In contrast, if such an organization (other than a private foundation) meets the criteria in Rev. Proc. 2014-11 to be eligible for reinstatement retroactive to the automatic revocation date and requests such retroactive reinstatement under a different IRC 501(c) paragraph, it will not have had any break in tax-exempt status, and is in the same position as a currently tax-exempt IRC 501(c)(3) organization, and under Section 3.01(1) of Rev. Proc. 2024-5 (updated annually), it must comply with the Application Requirements.
- k. If an organization is an applicable tax-exempt organization within the meaning of Section 4958(e)(2) and Section 53.4958-2 of the Regulations,

it continues to be subject to Section 4958 for a period of five years after ceasing to be described in IRC 501(c)(3).

- (14) A tax-exempt organization that changes legal form may need to submit a new application for exemption. See IRM 7.20.4.2.5, New Organization, Rev. Proc. 2018-15, and Rev. Proc. 2024-5, updated annually, for more information.

Note: Generally, if an IRC 501(c) exempt domestic business entity (classified as a corporation) restructures (for example, unincorporated association to corporation), the surviving organization will not be required to file a new exemption application if the surviving organization is a domestic business entity (classified as a corporation) and is carrying out the same purposes as the exempt organization that restructured.

- a. The effective date of exemption for the new legal entity is generally the formation date of the new entity if it timely filed the application and otherwise meets requirements for exemption.
- b. An organization that changes legal form may or may not have to get a new EIN (IRM 7.20.2.2.2, Employer Identification Numbers).

Note: One of the goals of Rev. Proc. 2018-15 was to better align the requirements for new exemption applications with the requirements for obtaining new EINs in common restructuring situations.

- (15) If you have to secure an agreement to the effective date and the organization disagrees with your proposed effective date of exemption, process the request as a proposed adverse determination or proposed approval with an adverse issue (IRM 7.20.2.4, Adverse Determinations). See IRM 7.20.2.2.1(6), Effective Date of Exemption, regarding cases involving Treas. Reg. 301.9100-3 relief issues.
- (16) See Rev. Proc. 2024-5, updated annually, for guidelines on the effective date of exemption.

7.20.2.2.2
(05-10-2024)
**Employer Identification
Numbers**

- (1) The IRS uses an EIN to identify business entities for federal tax purposes. All organizations applying for exemption must have an EIN that is uniquely theirs (Rev. Rul. 73-526).
- (2) Conduct IDRS research on all applications to verify the EIN. If the EIN that the organization provided doesn't appear to be correct, conduct additional IDRS research to determine whether the organization has been assigned an EIN.

If the EIN on the application	Then
Is incorrect and you find a correct EIN from IDRS research	See IRM 7.20.2.2.2 (8) below.
Doesn't show up on BMFOLO, but shows up on NAMEE	Email <i>*TE/GE-EO-Correspondence Unit</i> to request that they enter a TC 000 to reactivate the EIN and continue with case processing.
Doesn't show up on BMFOLO, but shows up on ENMOD	Continue with case processing.

If the EIN on the application	Then
Isn't listed or if the organization doesn't appear to have an EIN	Direct them to get one using the online EIN application at <i>IRS.gov</i> or by mail.
If the EIN was established before the beginning of the fiscal year of the organization's effective date and the organization isn't currently revoked.	<p>Email <i>*TE/GE-EO-Correspondence Unit</i> with the subject line "Non AR TC 590" or "AR TC 590." Include in the email:</p> <ul style="list-style-type: none"> Non AR TC 590: name, EIN, effective date, fiscal year month, formation date, and EDS case number AR TC 590: Name, EIN, Fiscal Year Month <p>The Correspondence Unit will input the TC 590 and provide the date the case can be closed. Hold the case until that date and then close.</p> <p>Note: Document all actions in the CCR and import the email into the MEDS Non-Disclosable folder.</p>

- (3) Don't approve or deny an application until the organization provides a valid EIN. If not provided:
 - a. Close the case using closing code 12.
 - b. Use Letter 5239 with a composed paragraph indicating that a valid EIN was not provided. Remove the invalid EIN from the letter.

Reminder: Refund the user fee. See IRM 7.20.2.3.8.2, User Fee Refunds.
- (4) If an organization without a valid EIN doesn't respond to a 1312 Letter, FTE the case as usual, but remove the EIN from the letter.
- (5) If an organization was assigned more than one EIN in error:
 - a. Research IDRS for all EINs (for example, INOLES, ENMOD, BMFOLO, and BMFOLI).
 - b. Confirm which EIN the organization wants to continue using. (Recommend using the EIN under which any returns were filed or payments applied.)
 - c. Prepare Form 14271, EO Determinations EIN Merger Memo, with the applicable IDRS research and send it to **TEGE-EO-Correspondence*. Use "EIN Merger" as the subject line of the email. Document all actions taken in the CCR and import the email and response into the MEDS Non-Disclosable folder.

Note: Case can be closed immediately with valid EIN.

- (6) A tax-exempt organization that changes legal form **may** have to secure a new EIN. See Pub. 1635, Understanding Your EIN, and Rev. Rul. 73-526.
- (7) An organization must get a new EIN if one of these legal changes apply:
 - a. A trust that re-forms to other than a trust
 - b. A corporation that re-forms to a trust
 - c. A corporation that reincorporates in the same state (for example, state issues a new charter)
 - d. A corporation that changes from for-profit to non-profit or LLC to non-profit **only** if the state of formation considers the new status an entirely new/separate entity (for example, it is listed as two separate entities listed on the state filing website)

Exception: An unincorporated association (for purposes of tax exemption) is generally treated as electing to be treated as corporation (rather than a partnership) and generally doesn't require a new EIN if it incorporates with the state.

Exception: An organization otherwise required to get a new EIN may, for administrative convenience, keep its EIN if no return has been filed under the current EIN. If returns were filed for the old entity using the current EIN, then a new EIN is needed.

- (8) Ensure EDS, MEDS, and LINUS reflect the correct EIN for the organization. If necessary:
 - a. Correct the EIN on MEDS (corrections in MEDS will transmit to EDS).
 - b. Email **TEGE-EO-Adjustments* requesting an EIN correction in LINUS (list the organization name, the case number, the incorrect EIN, and the correct EIN). Use "EIN Correction" as the subject of the email. Import a copy of the email and response in the MEDS Non-Disclosable folder.

Reminder: Document all actions taken in the CCR.

- c. Follow EIN merger procedures in IRM 7.20.2.2.2 (5) if merging two or more EINs.

7.20.2.2.3 (05-10-2024) Case Grades

- (1) EO Determinations cases are graded based on the case's primary activity/issue and are set based on MEDS Business Rules. See IRM 7.22.4, Modified EO-EP Determination System (MEDS) User Manual. The Case Assignment Guide (CAG) Case Grading Criteria Matrix, Exhibit 7.20.2-1, lists case complexity factors and grade level distinctions to determine the correct case grade. Due to the variety of issues encountered in determination requests, the CAG, Exhibit 7.20.2-2, lists common case issues and their case grades.

Note: The Case Grading Criteria Matrix is used to evaluate a case's activities, purposes, and issues for grading purposes. Also, management can review individual cases and change the grade based on the matrix.

- (2) If the case grade is incorrect, contact your manager for approval of correct case grade. Document the case grade change in the CCR and import the email from the manager giving concurrence into the MEDS Non-Disclosable folder.

7.20.2.2.4
(05-10-2024)
**Digital Taxpayer
Communication**

- (1) There are two digital methods of communication with taxpayers that can be used by specialists in EOD: Secure Messaging (SM), a feature within Taxpayer Digital Communication (TDC) and Document Upload Tool for Taxpayer Facing Employees (DUT- TPFE, hereafter DUT). Employees with taxpayer contact must offer either TDC or DUT to the taxpayer and their representative during initial contact and invite them to use it during case processing. The two digital communication methods differ in their use:

- TDC is similar to a web-based email service and encrypts files when transmitting sensitive or confidential tax-related information. Messages sent to or from taxpayers are securely exchanged and can include attachments. See Publication 5295, Secure Messaging for Tax Exempt and Government Entities, for more information.
- DUT uses a URL and access code to provide a method for taxpayers to upload and submit information to the TE/GE employee.

Note: The specialist may choose to offer whichever method is most appropriate for the situation. If taxpayer interaction changes while working the case, you may modify to use the alternative tool.

- (2) To use TDC:

- The taxpayer and their representative must submit Form 15314, TE/GE Secure Messaging Taxpayer Agreement Authorization of Disclosure to Designated Users.
- Submit the signed Form 15314 to the BSP shared mailbox **TEGE TDC Provisioning*.
- Document the invitation to use TDC and the taxpayer's and their representative's response in the CCR.
- As permitted by law, use TDC for interacting with the taxpayer and their representative during the case until closure.
- Upon case closure, send a message to the taxpayer that you are closing their case. Inform them that future communications within TDC will not be possible for this case. Follow TDC case closing procedures.

Note: You can reopen the TDC case, if needed, by conducting a search for the closed case in the TDC closed case folder. When you locate the case you wish to reopen, change the case setting from closed to open.

- (3) To use the DUT, the employee will provide the taxpayer or their representative an access code and URL, granting access to the upload tool through Letter 1312. The user can upload and submit information to the TE/GE employee through the DUT. Once submitted, the taxpayer receives a confirmation, and the employee can manage the transmitted documents.
- (4) Include the appropriate selectable paragraph to advise taxpayers and their representatives of the availability of either TDC or DUT to communicate securely with you.

7.20.2.3
(05-10-2024)
Case Processing

- (1) Managers assign cases to specialists in Status 52, based on the CAG and generally in control date order.

Exception: Managers first assign expedited handling cases. Work cases that meet expedited handling first (IRM 7.20.2.3.1, Expedite Requests), then work cases in control date order.

Exception: Tax examiners are assigned cases in Status 62 for Guide Sheet review. See IRM 7.20.2.3.3, Form 1023 Case Closing Guide Sheet.

- (2) Document all case actions (including telephone calls) in the CCR when you take the action. Complete all applicable fields.

Note: For every telephone call, include the name of the person contacted and the telephone number.

- (3) Within five workdays of assignment, review the case and complete the actions in this IRM section.

- (4) For all cases:

- a. Check the names and addresses of individuals and organizations listed in the request against the online *Sanctions List Search*. See IRM 7.20.6, Anti-Terrorism and Other Emerging Issues, for information on matches and actions to take.
- b. Check MEDS for duplicate or other pending applications. Some cases may also require EDS research.

Note: If there is a duplicate case or a second application, discuss next steps with your manager. Generally, the cases should all be assigned to the same specialist.

- c. For all cases, conduct IDRS research using command the codes BM-FOLO and BMFOLI. Research BMFOLT as necessary. Import IDRS research into the MEDS Non-Disclosable folder.
- d. Verify the correct user fee was paid using LINUS, as necessary. See IRM 7.20.2.3.8, User Fees.
- e. Document all actions taken, including research conducted, the completion and result of the Sanctions List Search, and MEDS research results in the CCR.

- (5) For electronically submitted applications, if a valid Form 2848 is submitted with the application, enter the authorized representative information into MEDS.

- (6) If there is a valid Form 2848 which lists Form 990, 990-PF, 990-T, 941, 940, or other returns:

- Efax the Form 2848 to the Centralized Authorization File (CAF) at 855-214-7522 as soon as you identify it as needing to go to the CAF.
- Document the CCR that you forwarded the Form 2848 to the CAF.

Note: See IRM 7.20.1.5.1.1.2, Centralized Authorization File (CAF), for more information.

- (7) Determine, based on facts in the case and clearly established legal precedent (statute, tax treaty, the Code, regulations, revenue rulings, court decisions, etc.), if the case should be:

- Reassigned (based on the CAG)
- Closed on merit (no contact with the organization)
- Developed (phone call, additional information request)

Note: For initial and reinstatement exemption requests, only ask activity development questions if there's an indication that the activities/purposes are potentially contrary to the requirements for recognition of tax exemption. However, the organization must describe its activities in sufficient detail to permit you to conclude that it will meet the requirements of its requested subsection (Rev. Proc. 2024-5, updated annually).

Reminder: Review cases based on the organization's activities, not on words in names or labels.

- (8) If the case is incorrectly graded based on the CAG, consult your group manager. If your manager agrees:
- a. Document in the CCR that the case grade was corrected with manager's agreement.
 - b. Correct the case grade in MEDS.
 - c. Take any other actions as discussed with your manager (for example, return the case for reassignment).
- (9) To determine what actions to take regarding automatic revocation or if you need to take actions to prevent erroneous automatic revocation, see IRM 7.20.4.2, Automatic Revocation.
- (10) Verify the organization's entity data in MEDS including EIN, name (spelling, full legal name, etc.), address, and POA in the Case Information tab. Make corrections as necessary.
- a. If the EIN or name are incorrect, select File, click on Change Case, and from the drop-down menu select Modify Entity Information and click "OK." Modify as needed.
 - b. To input a valid POA, select Case Information, select the Contacts tab, and complete the fields. Be sure to check the "Rep gets Copied" box for the representatives that are to receive a copy of the letter.

Note: If you make corrections to the EIN, address, or name, email the information to **TEGE-EO-Adjustments*, requesting an update to LINUS. Import the email into the MEDS Non-Disclosable folder.

Reminder: Correct errors on the MEDS Entity Data and Case Information screens. Click "OK" to push your updates to EDS. You do not need to generate a new AIS sheet.

- (11) If the organization's name has a word split in MEDS between lines one and two, correct it.
- (12) Verify the case was established correctly (form number, subsection, type of request, etc.). Correct it, if necessary, including establishing a new case if appropriate (IRM 7.20.2.3.7, Request a Case Establishment).

- (13) If you are unable to change the status of a case, if the request type or form number is incorrect, or if there is an EDS block, email a description of the issue to **TE/GE-EO-IssueReporting*. Be sure to include the organization's name and EIN.
- (14) If you don't need additional information and you recommend approving the request, prepare the case for closing (IRM 7.20.2.5, Case Closing).
- (15) If you can get sufficient information to approve the case without contacting the organization (for example, you get organizing documents from a prior approved case or the state website or the organization's website has sufficient information):
- Print the information.
 - Prepare and mail Letter 4760, Information Added to Administrative File, enclosing a copy of the information.
 - Import the letter and information into the Disclosable folder in MEDS.
 - Prepare the case for closing.
- Note:** This is considered a merit closure.
- (16) If you need additional information to make a determination, see IRM 7.20.2.3.4, Additional Information Request.
- (17) Enter your time in the Web-based Employee Technical time System (WebETS) on the date you work on the case.

If you process the case as	Then use WebETS code	And WebETS description
Merit closure	303-0999	Merit (list collective time)
Streamline development (phone call or Letter 1312 asks only approved streamline questions)	303-0999	Streamline (list collective time)
Full development (pre-written or composed questions used)	130-0999	Full Development (list collective time)

- (18) See IRM 7.20.2.5.4, Operations Assistance Request (OAR), if there is an OAR on the case.
- (19) Import all documents into MEDS during case processing as they are generated or received.
- Note:** When naming documents that you import, refer to the *MEDS File Naming Conventions* document in SharePoint.
- (20) Move any non-disclosable personally identifiable information (PII), patents, trade secrets, copies of checks, including user fee checks, and bank statements to the MEDS Non-Disclosable folder.

7.20.2.3.1
(05-10-2024)
Expedite Requests

- (1) An organization can submit a written request for expedited handling (proposed expedite).
- (2) Expedited handling is granted to applications that meet the criteria in Rev. Proc. 2024-5, updated annually. Organizations must include a *compelling reason* for the IRS to process their application ahead of others. Expedited handling is generally granted to organizations when one of the following applies:
 - There is a pending grant and the failure to secure the grant may have an adverse impact on their ability to continue operations.
 - They are a newly created organization that provides disaster relief to victims of emergencies.
 - IRS errors have caused undue delays in processing.
- (3) For a pending grant, the following supports a request for expedited processing:
 - The name of the person or organization committed to giving the grant or asset;
 - The amount of the grant or the value of the asset;
 - The date the grant will be forfeited or permanently redirected to another organization;
 - The impact on the organization's operations if it does not receive the grant/asset; and
 - The signature of a principal officer or authorized representative.
- (4) The IRS has discretion to grant requests for expedited handling when a factor outside an organization's control creates a real business need to obtain a determination letter to avoid serious business consequences.
- (5) The Processing & Support Unit generally assigns proposed expedite cases equally among the individual groups' Status 75 inventories. Managers will assign proposed expedited handling requests to a designated specialist in the group within two workdays of the Status 75 date.
- (6) The manager will assign approved expedite cases ahead of non-expedite cases to specialists in the group to work.
- (7) Once assigned, the designated employee will:
 - a. Review the expedite request within five workdays of assignment and ahead of other assigned cases.
 - b. Determine whether the request meets expedited handling criteria.

If	Then
The expedite request is complete and demonstrates the existence of the circumstances set forth in Rev. Proc. 2024-5 (updated annually) that generally warrant expedited handling	<ul style="list-style-type: none">• Update the expedite reason code in MEDS to Approved Expedite• Document actions on the CCR• Return the case to unassigned group inventory to be assigned

If	Then
The expedite request isn't complete or doesn't demonstrate the existence of the circumstances set forth in Rev. Proc. 2024-5 (updated annually) that generally warrant expedited handling	<ul style="list-style-type: none"> Update the expedite reason code in MEDS to Denied Expedite Call the organization and explain the expedite has been denied <p>Note: Don't solicit or accept additional information pertaining to the request. If the organization indicates it wants to resubmit its expedite handling request, provide the manager's EFax number to submit a new request.</p> <ul style="list-style-type: none"> Document the CCR Return the case to unsigned group inventory to work in control date order

Note: Don't issue a letter approving or denying expedited handling.

7.20.2.3.2
(05-10-2024)

Guidance for Cases Affected by a Federally Declared Disaster, or Terrorist or Military Action

- (1) The IRS will issue a Declaration Notice (see IRM 25.16.1.5.3, Internal and External Notification Process) to identify a covered disaster area. All IMF and BMF accounts with addresses in the area affected by the federally declared disaster designated by the Federal Emergency Management Agency as qualifying for "individual assistance" are frozen (-O Freeze) systemically for the period specified in the Declaration Notice (the "postponement period").
- (2) Search for declared areas by zip code on the *IRS Disaster Assistance Program* page.
- (3) For cases in your inventory affected by a federally declared disaster:

If	Then
The case is in process, will be approved, and no contact is needed	Continue working the case and take actions needed to close the case.

If	Then
The case is in process, you need the taxpayer's help to develop the case, and you have previously spoken to them	<ul style="list-style-type: none"> • Call the taxpayer and let them know we are suspending activity unless they want to move forward. • If you can't reach the taxpayer by phone, send Letter 6017, Taxpayer Contact After Disaster - TE/GE, to determine if the taxpayer wishes to proceed with the determination process. • Place cases in Status 37 (suspense) immediately after calling the taxpayer or sending the letter. The case will stay in Status 37 until you receive taxpayer consent to proceed or the first business day after the end of the postponement period, whichever comes first.
The case is in process, you need the taxpayer's help to develop the case, and you haven't previously spoken to them	<ul style="list-style-type: none"> • Send Letter 6017, Taxpayer Contact After Disaster - TE/GE, to determine if the taxpayer wishes to proceed with the determination process. • Place cases in Status 37 (suspense) immediately after sending the letter. The case will stay in Status 37 until you receive taxpayer consent to proceed or the first business day after the end of the postponement period, whichever comes first.
The organization's purpose is to provide relief to the victims of emergencies such as floods and hurricanes	Expedite the processing of the application without calling or sending Letter 6017 to see if the taxpayer wants to move forward.

If	Then
The case is in EODQA and is a proposed or final adverse	Unless the taxpayer has consented to continue the case (as described above), EODQA won't issue a proposed or final adverse letter until the first business day after the end of the postponement period.

Note: Form 1023-EZ rejections where taxpayer contact isn't required, rejection of incomplete applications, and the acknowledgement or rejection of Form 8976, Notice of Intent to Operate Under Section 501(c)(4), aren't subject to suspense. Document the CCR with actions taken (for example, suspending activity on the case or proceeding with the taxpayer's permission).

Note: Document the CCR with the suspense postponement period end date. When a case is suspended, place the number 37 in front of the case name on your time sheet attachment.

7.20.2.3.3 (05-10-2024)

Form 1023 Case Closing Guide Sheet

- (1) All Form 1023 applications will have the Form 1023 Case Closing Guide Sheet applied through either MEDS business rules or tax examiner review. If a case can be approved using the Guide Sheet, the approval letter and closing documents will be generated using the information submitted in the application. If it can't be approved using the Guide Sheet, the case will be returned to unassigned inventory to be assigned to an EOD Specialist in control date order.
- (2) Time frames for cases assigned to tax examiners for Guide Sheet review are as follows:
 - a. The tax examiner reviews the case using the Guide Sheet and either prepares it for closure as an approval or sends for EOD specialist processing and submits it to the group manager for review within two work days of assignment.
 - b. If the tax examiner has a procedural or technical question related to the Guide Sheet that the manager and lead are unable to answer, EOD specialists are available to assist. To request specialist involvement, send an encrypted email to **TE/GE-EO-Determinations Questions* with the organization's name, EIN, and description of the issue. Put the issue in the subject line. Document actions taken in the CCR and import a copy of the email into the MEDS Non-Disclosable folder.
 - c. A tax examiner group manager either approves the case or returns the case for EOD specialist processing within two days of submission.
 - d. After manager approval in MEDS, designated employees complete required closing actions within two work days.

7.20.2.3.4 (05-10-2024)

Additional Information Request

- (1) Carefully review the case to ensure your additional information request is complete, appropriate, and necessary to make the requested determination. Prepare additional information requests so they are:
 - a. Professional in tone
 - b. Grammatically correct
 - c. Free of spelling errors
 - d. Properly formatted

e. Written in plain language

- (2) Don't ask for information already in the case file or that you don't need to make a determination.

Reminder: Generally, donor names aren't necessary to make a determination, should not be requested, and should be redacted if submitted.

- (3) Prepare Letter 1312, Additional Information Request, using appropriate approved streamline questions, pre-written questions, and/or individually composed questions.

Exception: Issue Letter 5228, Applicant Notification of Expedited 501(c)(4) Option, for optional expedited 501(c)(4) processing, as appropriate. See IRM 7.20.4.6, Optional Expedited Process for IRC 501(c)(4) Applicants, for more information.

Note: Consider calling for minor issues or clarification (for example, unclear fiscal year end, etc.).

Reminder: If there's a valid Form 2848 or Form 8821 for the case and the box is checked for them to receive correspondence, complete Letter 937-A, Transmittal of Information to Power of Attorney, and import it into the Disclosable folder. Name the letter Letter 1312 - POA. Select Correspondence for the Document Type and Additional Information Request for the Document Name when importing.

- (4) Complete the letter using:

- Your name
- The last 7 digits of your SmartID number
- Your telephone number
- Your eFax number
- A response due date of 28 calendar days from the mailing date of letter

- (5) If you prepare an additional information request with individually composed questions, your manager must review and approve it before you send it. Managers will review and return the letter to you within three workdays.

Note: The additional information request, as well as the email chain showing managerial approval/feedback, must be uploaded in the MEDS Non-Disclosable folder.

- (6) When requesting additional information, follow the procedures for offering a form of digital communication, as described in IRM 7.20.2.2.4, Digital Taxpayer Communication.

- (7) Mail the letter. For a quicker response, you can also fax a copy of the letter to the organization (IRM 10.5.1.6.9.4, Faxing).

- (8) Import the letter, any attachments, and/or copies of the email into the MEDS Disclosable folder.

Reminder: Add a follow up date in MEDS. See IRM 7.20.2.3.5, Response Received or Due (and Extensions).

7.20.2.3.5
(05-10-2024)
Response Received or
Due (and Extensions)

- (1) Two weeks before the response due date, call an authorized contact for the organization (IRM 7.20.1.6, Disclosure) to ask if there are any questions about the information requested, remind them of the upcoming due date, case closing, and potential loss of user fee if the response isn't received timely. Explain that the case may be closed without a determination or a proposed adverse determination may be issued. If no answer, leave a message with the information (disclosure rules apply, IRM 10.5.1.6.7.2, Answering Machine or Voicemail).
- (2) If the organization requests an extension prior to the response due date, grant an extension of 14 days or less. Base extensions on the facts and circumstances. Document extensions and due dates in the CCR.

Note: Managers can approve longer extensions as needed, such as for filing an amendment with the appropriate state office.

- (3) When you receive a response, complete **all** necessary actions (see IRM 7.20.2.3.5 (4) below) within five workdays of receipt (unless otherwise specified). "Receipt" is the received date stamped on the response or on the fax receipt.

Note: If you don't receive a mailed response in your mailbox the day it was stamped received (or the following day), discuss it with your manager.

- (4) Review the response.

If the organization sends	Then
A response sufficient to make a determination by the response due date	Prepare either: <ul style="list-style-type: none">Proposed approval for closing.Proposed adverse determination after discussion with manager (IRM 7.20.2.4, Adverse Determinations).

If the organization sends	Then
An incomplete response	<ol style="list-style-type: none"> 1. Call the organization to request it submit a complete response. If the organization agrees, grant up to 14 days to submit a complete response. 2. Consult your manager about sending an additional information request (IRM 7.20.2.3.4, Additional Information Request). 3. If a complete response is not received after completing steps 1 and 2 then do one of the following: a) If only administrative items are missing, close the case following failure to establish (FTE) procedures (IRM 7.20.2.5.5, Failure to Establish), or b) If the missing information affects the requirements for exemption under the subsection requested (such as an organizational test and/or operational test), discuss the case with your manager for concurrence on processing the case as an incomplete response denial and document concurrence on your CCR. Follow IRM 7.20.2.4(4) and call the organization within 5 workdays of receipt of a response and proceed with the proposed adverse determination process following IRM 7.20.2.4.1 and closing the case following IRM 7.20.2.4.2.

If the organization sends	Then
A response that leads to a new issue by the response due date	Prepare Letter 1312 following the procedures listed in IRM 7.20.2.3.4, Additional Information Request. Exception: Consult your manager before issuing a third (or subsequent) information request letter.
No response because your additional information request is returned as undeliverable	Call the organization for a correct address within two workdays of receiving the undeliverable letter. <ul style="list-style-type: none"> If you can't reach the organization, review the case file for a valid address of an authorized person and reissue Letter 1312 with a new 28 day due date. If you're unable to secure a valid address or telephone contact, follow FTE procedures (IRM 7.20.2.5.6, Failure to Establish).
A response after you close the case as FTE	Discuss next actions with your manager.

- (5) If the organization doesn't respond by the due date (including all approved extensions), close the case as FTE (IRM 7.20.2.5.6, Failure to Establish).

7.20.2.3.6
(05-10-2024)

**Change in
Subsection/Application
Form During Case
Processing**

- (1) During case processing, an organization may request to replace the pending application with an application for exemption under a different subsection of IRC 501 using a different form (for example, withdraw Form 1023 and submit Form 1024-A). Each application is a request for a determination letter. IRC 7528 requires the IRS to establish user fees for requests for determination letters. The electronic application process through Pay.gov requires a user fee to be submitted with an application. Accordingly, the specialist will process the request as a withdrawal under IRM 7.20.2.5.7, Withdrawals, including the following steps:
- Inform the organization that the request will be processed as a withdrawal and the user fee will not be refunded.
 - Explain that after withdrawing their application, the organization may submit another application, which will be processed in submission date order (not necessarily by the same specialist) and will require a new user fee.
 - Secure a written withdrawal statement signed by an authorized person.
 - Prepare Letter 2244, Withdrawal of Exemption Determination Request, without a user fee refund addendum.

- (2) Don't establish a new I case when an organization that submitted Form 1024 wants to change its requested subsection to another one listed on Form 1024 (for example, originally requested IRC 501(c)(5) but wants to change to IRC 501(c)(6)). The organization must submit a revised Page 1 of Form 1024, and any applicable schedule. Update the case in MEDS (or EDS) to reflect the correct subsection.

7.20.2.3.7 (05-10-2024) Request a Case Establishment

- (1) If you need to establish a new case:

Example: A case is established under the wrong form/type of case or was incorrectly closed FTE, etc.

- a. Complete and email Form 14263, Request for TEDS Case Establishment, to **TEGE Determinations Processing* with the subject line "New Case Establishment."
 - b. Attach Form 2848, Power of Attorney and Declaration of Representative, with the form, if applicable and valid.
- (2) The Files & Records Unit establishes the case in MEDS.
 - (3) Transfer the user fee after both cases are closed:
 - a. Email **TE/GE-EO-Adjustments* with subject line "User Fee Transfer" with a request to move the user fee noting:

- Move user fee for [organization name] EIN [nn-nnnnnnn]:
- From Form [nnnn], EDS Case # [nnnnnnnnn]
- To Form [nnnn], EDS Case # [nnnnnnnnn]

Note: If you don't receive the new case information within five workdays of the request, tell your manager.

- b. Prepare the new case file by saving and importing copies of any pertinent documents from the old case file to the new one.

Note: Document in the CCR the reason for the case establishment and cross-reference the related case.

- (4) Close the original case or continue processing it as a related case, as appropriate. Close the incorrectly established case using closing code 30 (correction disposal) if you didn't charge time to it. If you charged time to the case, close it using closing code 12 (other closure).

7.20.2.3.8 (05-10-2024) User Fees

- (1) User fees generally apply to all EO determination letter requests. Rev. Proc. 2024-5, updated annually, lists the user fee schedule and guidelines, including refunds and user fee reconsideration requests.
- (2) Campus Support processes initial user fee payments submitted with paper application forms and subsequent user fee payments. User fee payments for electronic forms are submitted through Pay.gov. User fee payments are processed through LINUS and transmit to MEDS and EDS. Payment amounts are noted on the request or other required form.

- (3) Use LINUS to verify that the organization paid the correct user fee, as necessary. If the organization didn't pay the correct user fee:
 - a. Request additional user fee amounts in an additional information request.
 - b. Recommend, but don't require, the organization to send a certified check or money order.
 - c. Request a new user fee if LINUS indicates the check was dishonored (bounced).
 - d. Import LINUS research into the MEDS Non-Disclosable folder.
- (4) Don't approve or deny a case unless the organization paid the required user fee.
- (5) Refund overpaid user fee amounts if the organization paid too much, regardless of how you close the case (IRM 7.20.2.3.8.2, User Fee Refunds). See Rev. Proc. 2024-5, updated annually, for additional refund situations.
- (6) If you approve a case (closing code 01, 06, or 09) after resolving user fee issues and the MEDS user fee field still shows an overpayment, underpayment, or dishonored check:
 - a. Email **TE/GE-EO-Adjustments*, using subject line "User Fee Indicator," with a request to remove the user fee indicator; include the MEDS case number and organization name in the email. Import the response email from the Adjustments Unit into the MEDS Non-Disclosable folder.
 - b. Follow regular closing procedures after the Adjustments Unit removes the user fee indicator.
- (7) See IRM 7.21.2, User Fees, for general user fee information.

7.20.2.3.8.1
(05-10-2024)

**Additional User Fee
Payments**

- (1) Generally, the Processing & Support Unit identifies and processes additional user fee payments. If you are located in Cincinnati and receive a payment, take it to the Adjustments Unit with an EDS case printout or MEDS AIS sheet.
- (2) For employees not in Cincinnati, process any user fee payments you receive within 24 hours of receiving them per IRM 7.21.2.2, User Fee Payments, except:
 - a. Don't endorse the check using a Campus Support endorsement.
 - b. Send the checks and accompanying documents to Campus Support by overnight mail to:
Cincinnati Campus Support
Stop 31A
Team 105
7940 Kentucky Dr.
Florence, KY 41042
 - c. Follow up within seven calendar days if you don't receive an acknowledgment receipt.
 - d. Document the CCR with the payment information.

7.20.2.3.8.2
(05-10-2024)

User Fee Refunds

- (1) Refund a user fee when:
 - The organization overpaid the required fee.
 - The fee was paid as a result of an IRS error.
 - The organization is already exempt under the same Code section.

- The organization is covered by a group exemption and doesn't wish to apply for individual exemption.
- The organization is requesting a miscellaneous determination on Form 8940, but is in Status 97.

Note: Issue Letter 6573, Rejection of Form 8940.

- The Service declines to rule on the request in accordance with Rev. Proc. 2024-5, Section 3.02, updated annually.

Note: If the organization claims it's due a user fee refund for other than the reasons listed above, see IRM 7.20.2.3.8.3, Reconsideration of User Fee.

(2) To initiate a user fee refund, when you close the case:

- a. Prepare Form 14268, User Fee Refund Request, and name it "Form 14268 - User Fee Refund."
- b. Import Form 14268 into the MEDS Non-Disclosable folder.
- c. In MEDS, select "Other Internal Forms" for the Document Type and "User Fee Refund Request" for the Document Name. In Case Information, select "Forward Form 14268-User Fee Refund" for the Case Category.

Note: The manager will checkout/edit Form 14268, digitally sign it, then check it back in so it can be signed by the Adjustments Unit Manager.

(3) If you refund a user fee for a case that wouldn't generally receive a refund (for example, withdrawal or case closed FTE), add an addendum to the closing letter explaining why the user fee was refunded.

7.20.2.3.8.3
(05-10-2024)

Reconsideration of User Fee

(1) The EODQA Manager approves or denies requests for reconsideration of user fees (see Rev. Proc. 2024-5, updated annually).

Exception: A group manager can approve a user fee reconsideration request based on IRS error by documenting the CCR. IRS errors may include a lost case or a case that the IRS didn't reopen when the organization timely submitted additional information. EODQA doesn't review reconsideration requests based on IRS error.

(2) Consider an organization's request for reconsideration of an additional user fee and recommend approving or denying it:

- a. Ensure an authorized person signed the request and that it details the reason for requesting a waiver (such as a chronology of events leading to the request).
- b. Consider all facts and circumstances for your recommendation and prepare Form 14269, User Fee Waiver Request, indicating why the request should be approved or denied.
- c. If your manager agrees with your recommendation, they will forward the relevant information to EODQA via email or a transmittal.
- d. The EODQA Manager reviews the request, documents agreement or disagreement with the recommendation, and returns the recommendation.
- e. Inform the organization of the decision.

- If sending an additional information letter, include the decision in the letter.
- If not sending an additional information letter and approving the request, call the organization to let it know we're approving the request.
- If not sending an additional information letter and not approving the request (or can't reach the organization by phone for an approval), send Letter 4721 EO - User Fee Waiver Request - Granted/Denied.

Reminder: All case-related emails must be imported into the MEDS Non-Disclosable file and all actions taken must be documented in the CCR.

Note: Organizations don't have protest rights for user fee waiver request decisions.

7.20.2.4
(05-10-2024)

Adverse Determinations

(1) Adverse determinations include:

- Denials of exempt status
- Adverse positions on specific issues (for example, foundation classification)

Example: An organization can receive a favorable determination on exempt status under IRC 501(c)(3) with an adverse foundation classification.

- Non-approval of miscellaneous determination requests (for example, IRC 4945(g) individual grant making procedures, unusual grants, IRC 4942 set-asides, etc.)

(2) If your case appears to be adverse, discuss the reasons for the adverse determination with your group manager within five workdays of case assignment or receipt of a response. If your manager concurs that an adverse determination is appropriate, proceed with the proposed adverse determination procedures and document the CCR that your manager agrees. Begin preparing Form 14280, EO Determinations Checklist - Denials, and import it into the MEDS Non-Disclosable folder. The specialist's manager must also document their concurrence and sign the Form 14280, EO Determinations Checklist - Denials.

Reminder: All case-related emails must be imported in the MEDS Non-Disclosable folder when created.

(3) Attempt to resolve potential adverse determinations as early as possible and at the lowest level.

(4) After your manager agrees, call an authorized person within five workdays of case assignment or receipt of a response and before you prepare the proposed adverse letter. For information on authorized persons, see IRM 7.20.1.5 , Authorized Persons. (Discuss extensions with your manager if you're unable to contact the organization within five days.) Your manager may or may not participate in the call. Discuss:

- Reasons for the proposed adverse determination
- Description of the adverse process including any appeal rights and the appeals process
- Any clarification of facts in the case, including activities and purposes
- Possible alternatives to an adverse position when otherwise approving exemption (for example, an alternate foundation classification)

- Other available options (for example, withdrawing request, opportunity to submit its position)

Note: Document actions taken on Form 14280, EO Determinations Checklist - Denials, and the CCR. In the CCR, document what was discussed during the call. For example, called taxpayer and explained reason for the proposed denial, adverse process, appeal rights, appeals process, any clarification of facts, possible alternatives (if applicable), and available options (for example, withdrawal request, opportunity to submit a position, etc.).

Note: If you are unable to reach the taxpayer, you can leave a voicemail message discussing the items listed above, but only if you've already attempted to reach them and you can determine that the voicemail belongs to an authorized person (see See IRM 10.5.1.6.7.2, Answering Machines or Voicemail, for guidance on leaving taxpayers'/representatives' confidential information on their answering machine/voicemail).

- (5) If the organization:
- a. Has no additional information to provide, prepare a proposed adverse determination letter within 10 workdays of calling.
 - b. Indicates it has additional information to support a favorable determination (its position), grant 14 calendar days to submit the information. If you don't receive additional information within 14 days, prepare the proposed adverse determination letter within 10 workdays of the 14th day.
 - c. Submits additional information, consider whether it supports a favorable determination. If so, follow regular case closing procedures within five workdays of receipt. If the information doesn't change the proposed determination, prepare a proposed adverse determination letter within 10 workdays of receiving the information.
- (6) Update Form 14280, EO Determinations Checklist - Denials, throughout adverse case processing and document all actions taken on the CCR. Sections I, II, and III of Form 14280 must be fully completed before the case is submitted to EODQA.

Note: Form 14280 will remain in the MEDS Non-Disclosable folder throughout case processing .

7.20.2.4.1
(05-10-2024)
**Proposed Adverse
Determination Letters**

- (1) Prepare the appropriate proposed adverse letter:
- Letter 4034, Proposed Adverse Determination Under Section 501(a)
 - Letter 1079, Exemption Determination with Adverse Issue
 - Letter 4786, Amendment Requests, Foundation Follow-ups, and Section 508 (Private Foundation) Termination Requests Adverse

- (2) Follow the general drafting rules and procedures in IRM 7.28.4, Public Inspection of Written Determinations under IRC 6110.

Exception: Don't use a legend format when preparing Letter 1079 or Letter 4786 for a foundation classification determination.

- (3) Generally, follow the format below for the body of the letter. (Some sections may not apply based on the case's facts and circumstances.)

Letter section	General drafting guidelines
Issues	<ul style="list-style-type: none"> • Post issue(s) as a question. • List separate issues if more than one reason or issue for the denial.
Facts	<ul style="list-style-type: none"> • State how formed (corporation, trust, association). • State purposes (normally as stated in the organizing document). • State any governance issues (for example, from the bylaws) that affect exemption and/or classification. • Summarize the relevant case facts (generally, don't include correspondence dates). • If the organization has a mix of qualifying and non-qualifying activities, discuss their relative significance, preferably in percentages. • Describe proposed and/or actual income and expenses.
Law	<ul style="list-style-type: none"> • Cite the most pertinent law supporting the adverse position as well as any law cited by the organization. (IRM 7.28.4.3, General Guidelines for Drafting Letters Subject to IRC Section 6110, discusses citation order.) • Cite the Code and regulations verbatim, partially, or paraphrased. • Summarize revenue rulings, revenue procedures, and court cases.
Application of law	<ul style="list-style-type: none"> • Describe how the organization's situation is similar or dissimilar to the situation described in each law citation and explain why the organization fails to meet the requirements of its request. • If there's a mix of qualifying and non-qualifying elements, discuss all the activities and describe why the non-qualifying activities cause the organization to fail to meet the requirements of its request (for example, non-qualifying activities are substantial, etc.).

Letter section	General drafting guidelines
Your position	<ul style="list-style-type: none"> If provided, summarize the organization's reasoning or law it believes is applicable to its case. <p>Note: Remove this section from the letter if a position isn't provided.</p>
Our response to your position	<ul style="list-style-type: none"> Directly address federal law if provided by the organization. Explain whether the IRS agrees or disagrees with the organization's position (if provided) and why. <p>Note: Remove this section from the letter if a position isn't provided.</p>
Conclusion	<ul style="list-style-type: none"> Summarize why the organization doesn't qualify for exemption or the adverse issue. Concisely answer the question(s) in the Issues section of the letter.

7.20.2.4.2 (05-10-2024) Proposed Adverse Case Closing

(1) To close a proposed adverse determination:

- a. Save the proposed adverse letter using the *MEDS File Naming Conventions* document on the *EO R & A Job Aids* SharePoint site.
 - b. Import the letter as a Word document into the MEDS Non-Disclosable folder.
 - c. If there's a valid Form 2848 or Form 8821 for the case, complete Letter 937-A, Transmittal of Information to Power of Attorney, and import into the MEDS Non-Disclosable folder.
- Note:** The Letter 937-A, Transmittal of Information to Power of Attorney, must include the Director's signature, not the specialist's signature.
- d. Update the Form 14280, EO Determinations Checklist - Denials, in the MEDS Non-Disclosable folder.
 - e. Enter closing data in MEDS, including proposed filing requirements (for example, 1120, 990 - 09, 990-PF for adverse PF status, etc.); Determination Status 70 (Denied) or 01 (Approved); Deductibility Code 2 or 1, etc; NAICS and NTEE codes.

Note: Enter the formation date as the effective date if the Determination Status is 70.

Reminder: Do not make any updates in EDS.

- f. In MEDS, highlight the Case Information line. From the drop down menu, select Mandatory Review and choose the appropriate mandatory review type. Update the case to Status 74PC to submit to the group manager.
 - g. Move all documents in the MEDS Disclosable folder to the Non-Disclosable folder.
- (2) The case will be assigned to an EODQA reviewer. The reviewer will complete the EODQA portion of Form 14280, EO Determinations Checklist - Denials.
- (3) If the EODQA reviewer makes changes to the proposed adverse letter and is not otherwise returning the case to the specialist, after the EODQA manager has approved the proposed adverse letter, the reviewer will:
 - E-mail a copy of the proposed adverse letter with changes tracked and the advisory or no error memo to the specialist and their manager, and
 - Obtain concurrence on the changes to the adverse letter before EODQA mails the letter to the organization.

Note: The concurrence will be documented through email from the specialist's manager within 5 business days. A copy of the email must be imported into MEDS when created.
- (4) If EODQA sends the case back for corrections with an Inquiry Reviewer's Memo, make the agreed upon changes (see IRM 7.20.5.4, Reviewer's Memorandum and Response to Reviewer's Memorandum) and complete, digitally sign, and import a Response to Reviewer's Memo into the MEDS Non-Disclosable folder. The group manager will digitally sign the Response to Reviewer's Memo and return the case to EODQA.
- (5) If the organization submits a protest to the adverse determination letter, forward the protest to EODQA and notify the reviewer. After reviewing the protest, the reviewer may return the case to you if the protest presents new or revised facts or raises arguments you haven't addressed. If the reviewer returns the protest to you, review the protest to determine whether it changes the initial determination and take the following actions:

If	Then
The protest contains information allowing the case to be approved	Approve the case following normal case processing procedures and send the case back to QA for review before closing (IRM 7.20.2.5.5, Approvals).
The protest requires additional issue development	Follow procedures in IRM 7.20.2.3.4, Additional Information Request, to request additional information. Review the additional information to determine if the case should be processed as an approval. If the additional information doesn't change the determination, prepare a revised proposed adverse letter.

<p>The protest doesn't change the determination</p>	<p>In general, prepare a rebuttal letter, import it into the MEDS Non-Disclosable folder, and send the case to EODQA. Do not prepare a legend or redacted copy of the letter. In rare instances where the protest provides significant new facts or law but doesn't change the determination, prepare a revised proposed adverse letter incorporating the new information and providing a new 30-day protest period (IRM 7.20.2.4, Adverse Determinations).</p> <p>Note: Consider all facts and circumstances when determining if the protest should be addressed in a rebuttal letter or a revised proposed adverse letter, consulting the group manager and EODQA, as necessary.</p>
<p>The protest only states that the organization wants to appeal or protest with no additional information provided</p>	<p>Contact the organization and:</p> <ul style="list-style-type: none"> • Explain that Section 9.04 of Rev. Proc. 2024-5, updated annually, states that to protest/appeal a proposed adverse determination letter, that the organization must submit a statement of the facts, law, and arguments in support of its position. The organization must also state whether it is requesting a conference with the Independent Office of Appeals. • Give them 14 days to provide a valid protest. If they don't provide a valid protest, the specialist will send the case back to EODQA to issue the final denial letter.

7.20.2.5
(05-10-2024)
Case Closing

- (1) The procedures listed in this section generally apply to all case closings. Procedures for specific types of closings (other than adverse closing) follow in subsequent subsections.

Note: See also IRM 7.20.2.4.2, Proposed Adverse Case Closing, for closing adverse determinations .

- (2) Prepare a case for closing when:
- You have sufficient information to make a determination.
 - The organization failed to respond to an information request by the due date (failure to establish).
 - The organization withdrew its request (withdrawal).
 - Other circumstances necessitate closing the case (other closing).
- (3) Accurately and completely document the CCR. Ensure you:
- Recorded all actions on the case including, but not limited to, case assignment, case review, letters prepared/mailed, follow up dates, responses received, telephone contacts, delays in processing beyond IRM time frames, research completed, group manager's significant involvement, and reasons for excessive or unusual time.
 - Recorded the total time spent on the case on the CCR as well as in MEDS, WebETS, and the WebETS attachment when you close the case.
- (4) Prepare the appropriate determination letter following procedures in IRM 7.22.4, Modified EO-EP Determination System (MEDS) User Manual.
- (5) For non-mandatory review cases, specialists and tax examiners will:
- Verify that the letter includes the EO R&A Director's name, title, and signature.
 - Date the letter using the date the case is updated to status 74PC.
 - Convert closing letters to non-fillable PDF format and import into the MEDS Working Folder.

Note: For mandatory review cases, do not sign or date the closing letter, and place the letter in the MEDS Non-Disclosable folder.

- (6) Choose the correct name for your files by using the *MEDS File Naming Conventions* document found on SharePoint.
- (7) When reviewing the case file, if you find trade secrets, processes patents, styles of works, or other apparatus that the organization requests to be redacted according to procedures in Treas. Reg. 301.6104(a)-5, national defense information, or Social Security numbers or other sensitive information neither requested nor required to be provided on the application:
- Redact the information.
 - Upload the redacted version into the MEDS Disclosable folder, naming the document to indicate it contains redacted material.
- Note:** If the case is not approved (for example, rejection, failure to establish, adverse, etc.), the documents will all be moved to the MEDS Non-Disclosable folder upon case closing.
- Move the original unredacted document into the MEDS Non-Disclosable folder.

d. Document actions taken on the CCR.

- (8) Document all risks taken on Form 14261, Memorandum to File - EO Determinations Case Closing, and import it into the MEDS Non-Disclosable folder.

Reminder: The Memo to File must identify the issue and provide an analysis (and law, if necessary) regarding that issue.

- (9) If Counsel, Knowledge Management, or another source provided guidance, import all related emails and any other documentation into the MEDS Non-Disclosable folder.
- (10) Prepare or complete necessary forms (for example, Form 2363-A, Request for IDRS Input for BMF-EO Entity Change, Form 12412, Operations Assistance Request (OAR), etc.). Import the forms into the Non-Disclosable folder. Use the form number as the file name and select the appropriate case category. For example, Form 2363-A will be named "Form 2363-A - Request for IDRS Input" and the case category will be *Forward Form 2363-A.
- (11) If the application is approved because the information therein and any additional requested information show the organization qualifies but there is reason to believe the taxpayer may not be in compliance in the future, prepare Form 5666, TE/GE Referral Information Report. See IRM Exhibit 4.5.1-12, Instructions for Preparing Form 5666.
- (12) If there is a Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation, in MEDS, eFax it to EO Entity at 855-214-7520.

Reminder: Document actions taken in the CCR.

- (13) In MEDS:
- a. Move any documents in the New Documents folder to the appropriate MEDS folder.
 - b. Move any documents (other than a final letter and related Letter 937-A not going to QA) in the Working folder to the appropriate MEDS folder.
 - c. Ensure all case-related emails are imported into the Non-Disclosable folder.
 - d. Determine and enter the appropriate closing code.
 - e. If the duplicate indicator box is checked, research MEDS, EDS, and IDRS. Resolve any issues before closing.
 - f. Input closing information on the Case Information and EO Closing Data screens (do not enter closing letter number). Hit OK to push update to EDS.
 - g. Update the case to Status 74PC (Awaiting Managerial Review – Proposed Closure). Verify the case was approved for closure (event code 74PC BR). If not, click the BRE Results folder. Check the Summary Messages folder and correct any errors listed. Close the case again and verify the closure was approved.

Note: See Document 6379, Information Systems Codes FY 2024 Quick Reference for EO Employees (updated annually), for a complete list of EO system and BMF codes. Also see Exhibit 7.20.2-3, Common Case Closing Requirements.

Note: Do not enter NAICS/NTEE code if using closing code 03, 04, 12, or 30.

- (14) If there is an EDS block or the case status won't update, send a description of the issue to **TE/GE-EO-IssueReporting*. Be sure to include the organization's name and EIN.

Reminder: Document all actions taken in MEDS.

- (15) Managers will review cases in Status 74PC using current case processing timeframes outlined in IRM 7.20.2.5.8, Managerial Review and Return of Cases, and IRM 7.20.9.3, Timeframes. The manager will check the manager approval box on the MEDS EO Closing Data tab.
- (16) Cases will be assigned within five days to case closing employees. The case closing employee will:
- Verify the closing letter is dated and contains the EO R&A Director's name, title, and signature.
 - Print the closing letter.
 - Move final letter to the appropriate MEDS folder.
 - Close the case in MEDS and EDS within two days of case assignment.
- (17) The Adjustments Unit will regularly query MEDS closing cases for Form 2363-A and forwards the forms to be processed. Once the form has been forwarded, the Case Category **Form 2363-A Request Processed* will be selected.

7.20.2.5.1
(05-10-2024)
**MEDS Case File
Assembly**

- (1) MEDS Case file documents are organized into folders: "Non-Disclosable," "Disclosable," "Working," "New Documents," and "Purge." The specialists and tax examiners must ensure the case file documents are in the correct folder, as described below.
- (2) **Non-Disclosable:** Information not open for public inspection is referred to as non-disclosable. Non-disclosable documents must be placed in the MEDS Non-disclosable folder, including, but not limited to:

- Approval letters for cases subject to disclosure under IRC 6110 (for example, IRC 4945(g) advance approvals)

Note: For more information about cases subject to disclosure under IRC 6110, see Rev. Proc. 2024-5 and IRM 7.20.3.1.5, References.

- Adverse letters
- IDRS research
- All emails related to case processing (for example, emails from the manager, Knowledge Management, Counsel, etc.)
- Any other non-disclosable information (for example, TEOS information, patents, trade secrets, etc.)
- Form 14261, Memorandum to File-EO Determinations Case Closing
- Any required or optional checksheets, checklists, or worksheets
- Internal forms (for example, Reviewer's Memorandum, Response to Reviewer's Memo, etc.)
- Forms that have already been forwarded for processing (such as, Form 5768 or Form 5666)

- (3) **Disclosable:** Information open for public inspection is referred to as disclosable. Disclosable documents must be placed in the MEDS Disclosable folder, including, but not limited to:
- Final determination letter (if an approval), is placed in the Disclosable folder by the tax examiner after it's signed and dated
 - Form 2848 and Form 8821
 - Application (for example, Form 1023, Form 1023-EZ, Form 1024, etc.)
 - Attachments to the application
 - All documents submitted by the applicant
 - All correspondence to and from the organization
- (4) **Working:** Place items that require further processing in the Working folder, including, but not limited to:
- Approval letters that are ready to be signed, dated, and mailed by a tax examiner
 - Forms that need to be processed upon case closing (such as, Form 2363-A)
- (5) **New Documents:** The MEDS New Documents folder must be empty before the case can be closed. Move all new documents to the correct MEDS folder.
- (6) **Purge:** Move any duplicate files or files erroneously imported into MEDS to the MEDS Purge folder.

Note: If you're not sure if you can purge a file, ask your manager.

7.20.2.5.2 (05-10-2024) Requesting Administrative Files

- (1) When you process determination letter requests, you may need to review or secure an administrative file. Open paper cases are stored at an IRS facility in Ogden. Closed EO Determinations case files are stored:
- On DVD
 - Electronically in MEDS
 - In hard copy at the Federal Records Center
 - At a Service facility in Ogden, UT
- (2) Research MEDS to determine whether the file is available electronically. If not, prepare and email Form 14264, Request for Exempt Organizations Administrative File, to **TEGE Determinations Processing*.

Note: Some case documents could have been scanned into MEDS after case closing. You can request hard copies of documents if you are unsure if you have a complete administrative file.

7.20.2.5.3 (05-10-2024) Form 990-Series Returns

- (1) Exempt organizations, unless specifically excepted, must file an annual information return or notice on Form 990-PF, Form 990, Form 990-EZ, or Form 990-N.
- (2) Don't solicit an annual return during the determination process. However, if you receive one, check IDRS. If you can verify the return was posted, no additional action is needed. If you can't verify the return was posted:

- a. For a return received in the mail, date stamp the return (based on the envelope postmark date). Scan the return and save it in MEDS using the *MEDS File Naming Conventions* document on SharePoint.
- b. If the organization sent Form 990(s) with the application (for example, there is a non-scannable document in MEDS or copies are scanned into MEDS), move the return(s) to the Non-Disclosable folder. Rename the return(s) according to the *MEDS File Naming Conventions* document on SharePoint.
- c. Send a copy of the return(s) to *TS EEF OSPC Batching SBSE or eFax to 855-539-9495.

Reminder: Document actions taken in the CCR.

7.20.2.5.4
(11-30-2022)

**Operations Assistance
Request (OAR)**

- (1) The Taxpayer Advocate Service (TAS) uses the Operations Assistance Request (OAR) process to refer cases to EO Determinations when TAS lacks either the statutory or delegated authority to resolve an organization's problem. TAS uses Form 12412, Operations Assistance Request, to initiate the OAR process.
- (2) A designated EO TAS Liaison receives, reviews, and processes OARs. If an OAR relates to an assigned open application, the TAS Liaison assigns the OAR to the employee assigned the case, by emailing him/her Form 12412 and other pertinent information.
- (3) If you receive an OAR on a case:
 - a. Use the TAMIS # (from Form 12412) in the subject line of all emails to the TAS caseworker and to the TAS Liaison.
 - b. Email a copy of all correspondence you send to the organization to the TAS caseworker.
 - c. Negotiate response and follow up dates with the TAS caseworker.
 - d. Communicate directly with the TAS caseworker in resolving issues (document the TAMIS #, communications, and communication outcomes on the CCR).
 - e. Negotiate new time frames as necessary (don't allow OAR time to expire) and notify the TAS Liaison by email of revised, agreed upon expiration dates.
 - f. Notify the TAS Liaison if the case is transferred.
- (4) When you close a case with an OAR:
 - a. Complete Form 12412, Sections V and VI (page 2).
 - b. Import the OAR (including completed Form 12412 page 2) into the MEDS Non-Disclosable folder.
 - c. In Case Information in MEDS, select OAR for the Case Category.
 - d. The TAS Liaison will retrieve the completed OAR and determination letter from MEDS when the case is closed.
 - e. Negotiate a new expiration date (two to three weeks from the date of closing) if the OAR is expired or expiring shortly after closing.
 - f. Notify the TAS Liaison if the case will not be closed directly (for example, case is subject to mandatory review).
 - g. Document all actions taken in the CCR.

7.20.2.5.4.1
(05-10-2024)
**Taxpayer Assistance
Orders (TAOs)**

- (1) When TAS determines that TE/GE isn't timely working on an issue for which TAS has issued an OAR, they may issue a Taxpayer Assistance Order (TAO) to request TE/GE to act immediately to resolve the issue. If TE/GE refuses to take the action requested in an OAR, TAS may issue a TAO to request TE/GE reconsider taking the requested action. TAS may also issue a TAO to elevate the case for consideration at a higher level in TE/GE. For more information about the TAO process, see IRM 13.1.20, TAS Taxpayer Assistance Orders.
- (2) If you receive a TAO directly from TAS, forward it immediately to the Area Manager (cc your manager).

7.20.2.5.5
(05-10-2024)
Approvals

- (1) Follow these procedures in addition to case closing actions in IRM 7.20.2.5, Case Closing.
- (2) For a case closed in any status where a risk is taken and not resolved in the Disclosable section of the file, complete Form 14261, Memorandum to File-EO Determinations Case Closing, and import it into the MEDS Non-Disclosable folder. Documentation must include a full description of the issue, the risk, and rationale for accepting the risk.
- (3) For an "I" case, generally, prepare Letter 947, 948, or 1076. See IRM 7.20.3.3.13, Commonly Used Letters, for approval letters for A and P cases.
- (4) Enter closing information (filing requirements, closing code, etc.) in MEDS. In the rare instance that there is a paper case, enter closing information in EDS.

Note: R cases are closed using closing code 01. Prepare Form 2363-A if BMFOLO changes are needed. Import the form into the Non-Disclosable folder. Name it Form 2363-A - Request for IDRS Input and select the Case Category *Forward Form 2363-A.

- (5) Enter a National Taxonomy of Exempt Entities (NTEE) code as selected by the applicant on the application or based on the primary activity of the organization. Use the NTEE code provided by the applicant unless it is invalid. Select the next best NTEE code if the code they selected is invalid. See the *Urban Institute* or the *Instructions for Form 1023* for an NTEE code list. NTEE code format is a letter generally followed by two numbers (for example, B82).

Note: Be careful when you select the NTEE code. The IRS Statistics of Income (SOI) Program, the Urban Institute, GuideStar, various grant makers, and many other public and private-sector entities use the NTEE coding structure as a source of data.

- (6) Enter the six-digit North American Industry Classification System (NAICS) code associated with the selected NTEE code. Generally, use the first three digits followed by 000. NAICS codes are listed with the related NTEE codes on the MEDS Closing Worksheet located on SharePoint.

Note: If MEDS and/or EDS won't accept a code, select the next best code for the organization.

- (7) Continue to work MEDS cases with EDS blocks. For MEDS cases with an EDS block, when a status changes in MEDS, update the EDS status to match.

7.20.2.5.6
(05-10-2024)

**Failure To Establish
(FTE)**

- (1) Follow these procedures in addition to case closing actions in IRM 7.20.2.5, Case Closing.
- (2) If you've attempted to secure additional information from an organization and haven't received it, close the case as failure to establish (FTE).

#

- (3) For all cases (I, A, and P), generally, prepare Letter 1314 using the appropriate selective paragraph(s).

Exception: Form 1023-EZ cases are closed as a rejection (Status 03) using Letter 1049.

- (4) Enter the appropriate filing requirements in the letter and enter closing information (filing requirements, closing code, etc.) in MEDS. Common filing requirement entries include:

- For non-exempt corporations or associations, enter Form 1120.
- For non-exempt trusts, enter Form 1041.
- For an organization that is currently exempt, enter Form 990 or Form 990-PF in the letter only. (Check the filing requirement in the current determination letter.)
- For a church, no entry is required.

- (5) Use Closing Code 11 (Failure to Establish). If case is closed using Closing Code 11, generally, enter 71 for the Determination Code and 09 for the Form 990 Filing Requirement. Enter closing information on the MEDS EO Closing Data tab by completing the Type of Organization, Accounting Period End, NAICS Code, NTEE Code, Affiliation Code (3, 6, or 8), Classification Code, Pension Plan (2), Ruling Date, and Effective Date (formation date).

Exception: Close churches, automatically revoked organizations, currently exempt organizations, A and P cases, and other cases where you don't want to change IDRS information using closing code 12 (Other). Don't enter NAICS/NTEE codes or other closing data. See the MEDS Closing Worksheet for Letter 1314 on the *SharePoint* site for EO Closing Tab details.

- (6) Complete Form 12412, Sections V and VI, if there's an OAR on the case, to indicate that the case has been closed FTE.
- (7) Move any documents in the MEDS Disclosable folder to the Non-Disclosable folder.
- (8) If a specialist receives correspondence on a case after it's closed FTE, send it to the group manager for review. The manager will determine whether the case will be reopened and worked by the specialist, or if the specialist should call the applicant to explain why the case won't be reopened (for example, they failed to respond timely to our request). If the manager determines that the case should be reopened, they will instruct the specialist to request a case establishment, as described in IRM 7.20.2.3.7, Request a Case Establishment.

Caution: A case closed FTE should not be reopened unless there is a valid reason for the late response (for example, IRS error, they didn't receive the

Letter 1312, etc.). Do not establish a new case for a response received on a case already closed FTE just because the late response is complete. If the case has been properly closed FTE, to request recognition of exemption they must submit a new application through Pay.gov with the appropriate user fee.

Reminder: Document all discussions and actions taken in the CCR.

Note: If a case is reopened based on correspondence received, the control date of the case is the postmark/submission date of the correspondence.

7.20.2.5.7 (05-10-2024) Withdrawals

- (1) An organization can withdraw its determination letter request (in writing) at any time before a determination letter or proposed adverse determination letter is issued. An authorized person must sign the request. The IRS keeps the application and all supporting documents.

Note: A person authorized to represent the organization on Form 2848 can't sign a withdrawal request. Form 8821 appointees also can't sign a withdrawal request.

Note: Generally, the user fee will not be refunded. See Rev. Proc. 2024-5, updated annually.

- (2) Don't directly or indirectly say or do anything that may be interpreted as coercing or compelling a withdrawal of an application. However, you can discuss withdrawal as an option when appropriate (for example, when proposing an adverse determination, see IRM 7.20.2.4, Adverse Determinations). Document the discussion in the CCR. When discussing, advise the organization that we don't refund the user fee (if applicable) and will stop processing the request.
- (3) Prepare Letter 2244 (I case) or Letter 4785 (A or P case). Add an addendum if refunding the user fee.
- (4) If the organization withdraws its application because it's already exempt under that subsection, prepare Letter 5239, close using closing code 12 (Other), and initiate a user fee refund.
- (5) If the organization is currently exempt and withdraws its request for a change in subsection, add an addendum to Letter 2244 indicating its exemption under IRC 501(c)(X) is still in effect.
- (6) If the organization withdraws one form to submit another (for example, from Form 1023 to Form 1024), prepare Letter 2244. The user fee will not be refunded. See IRM 7.20.2.3.6, Change in Subsection/Application Form During Case Processing.
- (7) Prepare Form 2363, Master File Entity Change, to establish the appropriate filing requirement(s) if the withdrawing organization isn't exempt and has been or is operational and appears to have taxable income. Import the form into the Non-Disclosable folder and name it Form 2363-A - Request for IDRS Input. Select the Case Category *Forward Form 2363-A.

Note: The filing requirement for a homeowners' association electing to file Form 1120-H is 1120:10.

7.20.2.5.8
(05-10-2024)
Managerial Review and
Return of Cases

- (8) On the MEDS EO Closing Data tab, enter the Type of Organization and Accounting Period. Move all documents in the Disclosable folder to the Non-Disclosable folder.

(9) Close withdrawals in closing code 04. Don't enter NAICS/NTEE codes.
- (1) The group manager has three workdays to review additional information requests and provide any feedback on the letter.

Note: The group manager can designate an employee to help review information requests and cases submitted for review, including returning cases, as necessary.

(2) The group manager has five workdays from submission (10 workdays for adverse determinations) to review a proposed case closing and either:

• Approve the case as submitted.

• Return the case for procedural errors or further technical development.

(3) Group manager: if returning the case, identify corrections or needed development on a feedback comment sheet and return the case in Status 73/53.

(4) Specialist:

a. Review the manager's notes or the feedback comment sheet.

b. If the case wasn't returned in Status 73/53, promptly correct and resubmit to the manager (typically the same day).

c. If case was returned in Status 73/53, take the necessary actions within five workdays.

d. Resubmit the case for closure when complete.

e. Discuss any disagreements or questions regarding the feedback with your group manager before preparing any written disagreement.

7.20.2.6
(05-10-2024)
Commonly Used Forms

- (1) See the below table for forms commonly used in the determination letter process.

Form	Purpose
Form 1725, Routing Slip	Use to send papers, brief messages, or instructions internally (also known as a buck slip).
Form 2363, Master File Entity Change	Use to make changes (names, addresses, dates, etc.) to the Business Master File (BMF) and Individual Master File (IMF). Completed forms are forwarded to the Processing & Support Unit for input into IDRS.

Form	Purpose
Form 2363-A, Request for IDRS Input for BMF-EO Entity Change	Use to establish or change the EO sub-module or entity information on the Business Master File (BMF), including changes to the EO sub-module or Master File entity when EDS doesn't permit the necessary information (for example, group rulings and IRC 507(b)(1)(B) cases). Completed forms are forwarded to the Processing & Support Unit for input into IDRS. See IRM 25.7.1 for help to complete Form 2363-A.
Form 2848, Power of Attorney and Declaration of Representative	Used to designate individuals to represent an organization.
Form 5456, Reviewer's Memorandum	Prepared by EODQA when returning a case to a group or making an advisory on a case.
Form 5457, Response to Reviewer's Memorandum - TEGE	Prepare to respond to an EODQA memo.
Form 5666, TE/GE Referral Information Report	Use to transmit a referral to TE/GE CP&C.
Form 14261, Memorandum to File-EO Determinations Case Closing	Use to document issues and resolutions (and risks taken) on cases being closed.
Form 14263, Request for TEDS Case Establishment	Use to request a case establishment.
Form 14264, Request Exempt Organizations Administrative File	Use to request an administrative file on a closed case from Processing & Support Unit.
Form 14268, User Fee Refund Request	Use to process request for refund of user fee paid.
Form 14269, User Fee Waiver Request	Use to process request for waiver of user fee paid.
Form 14271, EO Determinations EIN Merger Memo	Use to request consolidation of two (or more) EIN accounts assigned to one entity.

Form	Purpose
Form 14280, EO Determinations Checklist - Denials	Use to document steps taken in cases involving denial of exempt status.

7.20.2.7
(05-10-2024)

Commonly Used Letters

- (1) See below table for commonly used I case letters. See IRM 7.20.3.3.13, Commonly Used Letters, for commonly used A and P case letters. See IRM 7.20.9.4.7, Case Closing, for Form 1023-EZ processing letters.

Letter	Description/Use
Letter 937-A, Transmittal of Information to Power of Attorney	Letter used when there is a valid Form 2848 or Form 8821 to send a copy of a letter to the authorized third party.
Letter 947, 501(c)(3) Exemption With Definitive Ruling of Public Charity Status	Determination letter recognizing an organization as exempt from federal income tax under IRC 501(c)(3) as a public charity.
Letter 948, Determination Letter Recognizing Exemption Under IRC 501(a), other than IRC 501(c)(3)	Determination letter recognizing an organization as exempt from federal income tax under IRC 501(a) of the Internal Revenue Code (other than IRC 501(c)(3)).
Letter 948-E, Determination Letter for Organizations Eligible Under the Optional Expedited Process	Determination letter recognizing an organization that participated in the optional expedited process as exempt under IRC 501(c)(4).
Letter 1049 , Form 1023-EZ Rejection	Letter used to reject a Form 1023-EZ.
Letter 1076, 501(c)(3) Exemption –Classified as a Private Foundation	Determination letter informing an organization that it is exempt from federal income tax under IRC 501(c)(3) and classified as a private foundation or private operating foundation.
Letter 1079, Exemption Determination with Adverse Issue	Letter informing an organization that it is exempt from federal income tax under IRC 501(a) but specifying the organization did not meet the requirements for a requested foundation classification, Form 990 filing exception, or effective date of exemption, or other adverse issue.
Letter 1312, Request for Additional Information	Letter used to request additional information needed to make a determination.

Letter	Description/Use
Letter 1314, EO Determination Request Closed - Failure to Establish	Letter used to inform organization that exemption application will be closed for failure to supply requested information.
Letter 2244, Withdrawal Letter	Letter to acknowledge withdrawal of an application for exemption.
Letter 4034, Proposed Adverse Determination Under Section 501(a)	Proposed adverse letter issued by Exempt Organizations when determining that an applicant does not qualify for exemption under IRC 501(a).
Letter 4760, Information Added to Administrative File	Letter to inform the organization that we printed its Articles of Incorporation from the state website or information from its website and added it to the case file (which is available for public inspection).
Letter 5228, Optional Expedited 501(c)(4) Processing	Letter used to offer optional expedited process for applicant for IRC 501(c)(4) status.
Letter 6392, 9100 Effective Date	Letter sent to an organization requesting an earlier effective date and the request isn't granted because the organization didn't establish that it met the criteria for relief under Treas. Reg. 301.9100-3.
Letter 6573, Form 8940 Rejection	Letter used to reject a Form 8940.

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Case Assignment Guide (CAG) Case Grading Criteria Matrix

EO Determinations Case Assignment Guide (CAG) Summary

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Determination Letter Processing of Exempt Organizations 7.20.2

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Exhibit 7.20.2-2 (Cont. 1) (05-10-2024)

EO Determinations Case Assignment Guide (CAG) Summary

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EO Determinations Case Assignment Guide (CAG) Summary

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Determination Letter Processing of Exempt Organizations 7.20.2

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Exhibit 7.20.2-2 (Cont. 3) (05-10-2024)

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Determination Letter Processing of Exempt Organizations 7.20.2

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Exhibit 7.20.2-2 (Cont. 5) (05-10-2024)

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Determination Letter Processing of Exempt Organizations 7.20.2

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Exhibit 7.20.2-2 (Cont. 7) (05-10-2024)

EO Determinations Case Assignment Guide (CAG) Summary

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Exhibit 7.20.2-3 (05-10-2024)**Common Case Closing Requirements**

MEDS and EDS Master File/Closing Information Requirements

Closing Requirement	General Guidelines	Common (or Uncommon) Codes
Subsection	Requires two digits.	<ul style="list-style-type: none"> 40: Apostolic organization 80: Farmers' cooperative (exempt) 90: non-exempt, split-interest trust 91: NECT classified 509(a)(3) 92: NECT treated as PF
Accounting period	Enter month fiscal year ends.	01-12
NAICS/NTEE (Taxonomy)	Enter most appropriate codes.	See the <i>Urban Institute</i> . Note: Don't enter when using closing code 03, 04, 12, or 30.
Closing Code/Status (EDS)	Enter proposed closing code.	<ul style="list-style-type: none"> 01: Approved (pre-written or composed questions used) 04: Withdrawn by T/P 06: Merit Closure No Contact 09: Merit Closure (phone call or only streamline development questions) 11: Failure to Establish 12: Other 30: Correction Disposal (cannot charge time) 40: Proposed Adverse Determination
Specialist T#	Enter T# of employee closing the case.	
Hours	Enter total hours charged to the case.	MEDS automatically updates.
Case Grade	Verify correct case grade.	12 or 13
Filing Requirement (other than Form 990/990-EZ/990-N)	Enter filing requirements if employees indicated or filings required other than Form 990/990-EZ/990-N.	<ul style="list-style-type: none"> 941: 01: Employees indicated 1120: 01: FTE/Adverse corporations or associations 1120: 20: Approved IRC 521 1041: 01: FTE/Adverse trust 1065: 01: Approved IRC 501(d) or FTE/Adverse multi-member LLCs 940: 1: Employees indicated (non-501(c)(3)) 990-T: 01: UBI indicated 990-PF: 01: Private foundation

Determination Letter Processing of Exempt Organizations 7.20.2

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Exhibit 7.20.2-3 (Cont. 1) (05-10-2024)

Common Case Closing Requirements

Closing Requirement	General Guidelines	Common (or Uncommon) Codes
Filing Requirements (Form 990, 990-EZ or 990-N)	Enter Form 990 filing requirement as appropriate.	<ul style="list-style-type: none"> 01: Gross receipts > \$50,000 02: Gross receipts =< \$50,000 06: Church 09: FTE/Denied 13: Religious organization not required to file (for example, integrated auxiliary) 14: Affiliate of a governmental entity not required to file (for example, Rev. Proc. 95-48)
Employment Code	Enter "W" for 501(c)(3) organizations; otherwise, generally leave blank.	
Classification Code	Enter most applicable code. See common codes; for unlisted subsections, generally, enter "1"	<ul style="list-style-type: none"> 501(c)(3): <ul style="list-style-type: none"> 1: Charitable 2: Educational 3: Literary 4: Prevent cruelty to animals 5: Prevent cruelty to children 6: Public safety 7: Religious 8: Scientific 501(c)(4): <ul style="list-style-type: none"> 1: Civic league 2: Local assn. of employees 3: Social welfare 501(c)(5): <ul style="list-style-type: none"> 1: Agricultural 2: Horticultural 3: Labor 501(c)(6): <ul style="list-style-type: none"> 1: Board of trade 2: Business league 3: Chamber of commerce 4: Real estate board 501(c)(12): <ul style="list-style-type: none"> 1: Benevolent life insurance assn. 2: Mutual ditch/irrigation co. 3: Mutual or coop phone co. 4: Mutual or coop other 501(c)(13): <ul style="list-style-type: none"> 1: Burial assn. 2: Cemetery company
Determination Code	Enter correct determination code.	<ul style="list-style-type: none"> 01: Approved (unconditional) 70: Denied 71: Failed to Establish

Exhibit 7.20.2-3 (Cont. 2) (05-10-2024)**Common Case Closing Requirements**

Closing Requirement	General Guidelines	Common (or Uncommon) Codes
Effective Date	Enter YYYYMM format. (Generally the original effective date of exemption. See IRM 7.20.4.2, Automatic Revocation, for effects of automatic revocation.)	
Affiliation Code	Must enter 3. Complete Form 2363-A to update to other than 3.	<ul style="list-style-type: none"> • 3: Independent organization • 6: Central organization (non-church) • 8: Central organization (church) • 9: Subordinate
Ruling Date	Enter YYYYMM format. (Generally the original ruling date of recognition of exemption. See IRM 7.20.4.2, Automatic Revocation, for effects of automatic revocation.)	
Foundation Code	Enter two digit foundation code.	<ul style="list-style-type: none"> • 02: exempt operating foundation • 03: private operating foundation • 04: private (non-operating) foundation • 10: 170(b)(1)(A)(i) • 11: 170(b)(1)(A)(ii) • 12: 170(b)(1)(A)(iii) • 13: 170(b)(1)(A)(iv) • 15: 170(b)(1)(A)(vi) • 16: 509(a)(2) • 18: 509(a)(4) • 21: 509(a)(3) Type I • 22: 509(a)(3) Type II • 23: 509(a)(3) Type III functionally integrated • 24: 509(a)(3) Type III non-functionally integrated • 25: 170(b)(1)(A)(ix)
Advance Ruling Ends	Enter YYYYMM format. (You may need to prepare Form 2363-A to make a needed update.)	999999: To clear a date
Deductibility Code	Enter appropriate deductibility code.	<ul style="list-style-type: none"> • 1: Contributions deductible • 2: Contributions not deductible • 4: Contributions deductible under treaty provisions

Exhibit 7.20.2-3 (Cont. 3) (05-10-2024)

Common Case Closing Requirements

Closing Requirement	General Guidelines	Common (or Uncommon) Codes
Deductibility Year	Enter deductibility year (for deductibility code 1 or 4).	
Entity Type	Enter type of legal formation.	<ul style="list-style-type: none"> 1: Corporation 2: Trust 3: Cooperative 5: Association 6: NECT
Pension Plan	Enter whether applicant has a pension plan.	<ul style="list-style-type: none"> 1: Yes - organization has pension plan 2: No - organization does not have pension plan
Hospital Indicator	Update hospital indicator (subject to IRC 501(r)) as necessary. EDS defaults to indicator "00."	<ul style="list-style-type: none"> 00: Non-Hospital (default) 01: 501(c)(3) Hospital subject to 501(r) 02: Fdn Status 12 - Non-Hospital 99: Remove 01 or 02 Hospital Indicator

