



Automatic Revocation of Tax-Exempt Status

Tax-exempt organizations other than churches and certain church-related organizations are required to file an annual information return or notice with the IRS. Organizations that do not file for three consecutive years automatically lose their tax-exempt status.

An automatic revocation is effective on the original filing due date of the third annual return or notice.

The List of Automatically Revoked Organizations is Posted on the IRS Website

On June 8, 2011, the IRS published the initial list of organizations whose tax-exempt status was automatically revoked because of failure to file a required Form 990, 990-EZ, 990-PF or Form 990-N (e-Postcard) for three consecutive years.

IRS has posted the list on www.irs.gov/autorevocationlist. The list gives the name, employer identification number (EIN), organization type, last known address provided by the organization to the IRS, effective date of revocation and the date the organization was added to the list.

IRS will post monthly updates with additional organizations whose filing dates have come due.

Reinstating Tax-Exempt Status

The law does not give IRS authority to undo an automatic revocation and there is no appeal process.

An automatically revoked organization must apply to have its status reinstated, even if the organization was not originally required to file an application for exemption.

It must:

File Form 1023 if applying under section 501(c)(3) or Form 1024 if applying under a different Code section.

Pay the appropriate user fee. The organization's annual gross receipts generally determine the amount of the fee.

Write "Automatically Revoked" on top of the application and the envelope so the application goes to the proper personnel.

Smaller organizations eligible for transition relief will instead write "Notice 2011-43" on the application and envelope.

Send the application to:

Internal Revenue Service
P.O. Box 12192
Covington, KY 41012-0192

The Effective Date of Reinstatement

If the IRS approves an organization's application, the date of reinstatement is the date of the application.

An organization can ask to have its tax-exempt status reinstated retroactively, to the date of its automatic revocation. The organization must include a letter requesting retroactive reinstatement with its Form

1023 or 1024. The letter must show reasonable cause for the organization's failure to file.

Special Transition Rules for Small Exempt Organizations

The IRS is providing transition relief for small exempt organizations that apply for reinstatement.

To qualify, the organizations had to be eligible to file a Form 990-N (e-Postcard) in tax years 2007, 2008 and 2009. Applications must be postmarked by December 31, 2012.

The transition relief includes:

User Fee – Reduced to \$100.

Retroactive Reinstatement– Smaller exempt organizations eligible for the transition relief need only meet certain criteria to obtain retroactive reinstatement.

So the application goes to the proper personnel, smaller organizations eligible for transition relief should write "Notice 2011-43" on the application and letter

The Effect of Losing Tax-Exempt Status

If an organization's tax-exempt status is automatically revoked, it is no longer exempt from federal income tax. Consequently, it may be required to file one of the following federal income tax returns and pay applicable income taxes:

Form 1120, *U.S. Corporation Income Tax Return*, due by the 15th day of the 3rd month after the end of the organization's tax year, or

Form 1041, *U.S. Income Tax Return for Estates and Trusts*, due by the 15th

day of the 4th month after the end of your organization's.

An automatically revoked organization is not eligible to receive tax-deductible contributions and will be removed from the cumulative list of tax-exempt organizations, Publication 78. The IRS will also send a letter informing the organizations of the revocation.

Donors can deduct contributions made before an organization's name appears on the Automatic Revocation List.

State and local laws may affect an organization that loses its tax-exempt status as well.

For More Information

www.irs.gov/eo – Charities/Non-Profit page
-Frequently Asked Questions (FAQs) – *Automatic Revocations*
-Fact Sheet – *Annual Form 990 Requirements for Tax-Exempt Organizations* (PDF)
-IRS News Release
-Exempt Organizations Annual Returns- Overview

EO Update Newsletter – Sign up for the latest IRS news for exempt organizations

StayExempt.irs.gov – Interactive web-based workshops and mini-courses for exempt organizations

Life Cycle – Explains how to establish and maintain an exempt organization. Select the "Life Cycle" link at www.IRS.gov/eo

877-829-5500 – Toll-free Customer Account Services