



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

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

January 10, 2018

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MEMORANDUM FOR EXEMPT ORGANIZATIONS  
RULINGS AND AGREEMENTS EMPLOYEES

FROM: Stephen A. Martin /s/ *Stephen A. Martin*  
Director, Exempt Organizations Rulings and Agreements

SUBJECT: Processing Form 1023-EZ – 2018 Updates

This memorandum updates procedures for processing Form 1023-EZ as set forth in Rev. Proc. 2018-5.

**Background/Source(s) of Authority**

IRM 7.20.9.4, *General Case Processing*, and Interim Guidance Memorandum TEGE-07-0117-0002, *Interim Guidance on Processing Form 1023-EZ*, provide procedures for non-acceptance of (rejecting) Form 1023-EZ, including rejecting applications from organizations that are not eligible to file Form 1023-EZ, and referring cases to Determinations Specialists.

Rev. Proc. 2018-5, I.R.B. 2018-1, adds the following organization to the list of those that are not eligible to use Form 1023-EZ:

Organizations applying for retroactive reinstatement under section 4 of Rev. Proc. 2014-11, 2014-3 I.R.B. 411, after being automatically revoked that are seeking a foundation classification that is different from the classification they had at the time of revocation.

Rev. Proc. 2018-5 also states that a Form 1023-EZ is complete if it includes responses for each required line item of the form. Newly required line items are:

- a line item describing their mission or most significant activities,
- a checkbox regarding income and asset levels, and
- a checkbox regarding foundation classification of church, school, or hospital.

**Procedural Change**

1. When processing Form 1023-EZ, Tax Examiners and Determinations specialists will reject a Form 1023-EZ application requesting reinstatement under Rev. Proc. 2014-11, Section 4, if IDRS research shows the applicant is seeking a foundation classification that is different from the classification it had at the time of automatic revocation. Tax examiners will refer a Form 1023-EZ application requesting reinstatement under Rev. Proc. 2014-11, Section 7, to a Determinations Specialist if IDRS research shows the applicant was a private foundation at the time of automatic revocation and is seeking reinstatement as a public charity.

2. When processing Form 1023-EZ, Tax Examiners will review the applicant's narrative to determine if its mission and activities are within the scope of Internal Revenue Code Section 501(c)(3). Narratives with activities contrary to exemption requirements will be referred to a Determinations Specialist. Incomplete narratives may be rejected or referred to a Determinations Specialist.
3. When processing Form 1023-EZ, Tax Examiners will reject an application where responses to questions indicate the applicant is not eligible to file Form 1023-EZ.

**Effect on Other Documents**

This guidance will be incorporated into IRM 7.20.9 by January 10, 2020.

**Effective Date**

January 10, 2018

**Contact**

EO Determinations Area 1 Manager

**Distribution**

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