

## **IRS REVISING FORM 1024; NEW TECHNICAL GUIDES; INFORMATION FOR LLCs APPLYING FOR 501(C)(3) TAX-EXEMPT STATUS; REVISED FORM 4506-A; NEW FORM 4506-B; TAXABLE UNRELATED BUSINESS INCOME TRAINING; NEWS RELEASES**

Dec 15, 2021

### **IRS Revising Form 1024 to Allow for Electronic Submission**

As part of an ongoing effort to improve service for the tax-exempt community, the IRS is revising Form 1024, Application for Recognition of Exemption Under Section 501(a), and its instructions to allow electronic filing for the first time.

Additionally, organizations requesting determinations under subsections 501(c)(11), (14), (16), (18), (21), (22), (23), (26), (27), (28), (29) and Section 501(d) that currently submit letter applications will use the electronic Form 1024. Organizations requesting determination under Section 521 will also be able to use the electronic Form 1024 instead of Form 1028, Application for Recognition of Exemption Under Section 521 of the Internal Revenue Code. Form 1024 will be revised accordingly.

The IRS expects electronic filing to be available early in 2022, at which point applications for recognition of exemption on Form 1024 must be submitted electronically online at [www.pay.gov](http://www.pay.gov). The IRS will provide a grace period during which it will continue to accept paper versions of Form 1024.

Stay tuned to IRS.gov for more details regarding the release of the revised Form 1024.

### **New Technical Guides Published**

Exempt Organizations and Government Entities has published eight new Technical Guides (TG). These guides are comprehensive, issue-specific documents. TGs combine and update the Audit Technique Guides (ATG) available on IRS.gov with other technical content and will replace corresponding ATGs as they are completed. The newest TGs are:

- TG 3-21 Private Operating Foundations

- TG 22 Termination of Private Foundation Status IRC 507
- TG 45 Suspension of Tax-Exempt Status of Terrorist Orgs under IRC 501(p)
- TG 57 Taxes on Net Investment Income IRC 4940
- TG 59 Taxes on Foundation Failure to Distribute Income IRC 4942
- TG 60 Taxes on Excess Business Holdings IRC 4943
- TG 64 Foreign Organizations
- TG 61 Taxes on Investments which Jeopardize Charitable Purposes IRC 4944

### **LLCs Applying for Tax-exempt Status under Section 501(c)(3) Must Submit Information Described in Notice 2021-56**

[Notice 2021-56](#) sets forth current standards that a limited liability company (LLC) must satisfy to receive a determination letter recognizing it as tax-exempt under Internal Revenue Code Section 501(c)(3). Accordingly, an LLC applying for recognition of exemption on Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, must submit the following information as part of its completed application. Otherwise, LLCs continue to complete Form 1023 as described in the [Instructions for Form 1023](#).

1. Submit both the LLC's state-approved articles of organization and its adopted operating agreement. Both your articles of organization and your operating agreement must contain the following:
  - Provisions requiring that each member of the LLC be either (i) an organization described in Section 501(c)(3) and exempt from taxation under Section 501(a) or (ii) a governmental unit described in Section 170(c)(1) (or wholly owned instrumentality of such a governmental unit).
  - An acceptable contingency plan (such as suspension of its membership rights until a member regains recognition of its Section 501(c)(3) status) in the event that one or more members cease to be Section 501(c)(3) organizations or governmental units (or wholly owned instrumentalities thereof).
  - The charitable purposes and charitable dissolution clauses described in Part III, lines 1 and 2 of Form 1023.
  - The express Chapter 42 compliance provisions described in Section 508(e)(1) if the LLC is a private foundation. See Part VII, line 1a of the Instructions for Form 1023 for more information on these provisions.

NOTE: If you are formed under a state LLC law that prohibits the addition of provisions to articles of organization other than certain specific provisions required by the state LLC law, you may include the provisions above only in your operating agreement. Include an explanation if you are prohibited from including the provisions in your articles of organization under your state's LLC law.

1. Submit the following representation, signed and dated by an officer, director, trustee or other governing body member (not an authorized representative):

*"We represent that all provisions in our articles of organization and operating agreement are consistent with applicable state LLC law and are legally enforceable."*

### **New Form 4506-B and Revised Form 4506-A**

Exempt Organizations (EO) has developed and released a new [Form 4506-B, Request for a Copy of Exempt Organization IRS Application or Letter](#). Use the new Form 4506-B to request copies of an exempt organization's exemption application or determination letter. You can submit Form 4506-B by mail, fax or e-mail. [Tax Exempt Organization Search \(TEOS\)](#) can be used to directly access copies of determination letters issued to exempt organizations in 2014 or later.

EO has also revised [Form 4506-A, Request for a Copy of Exempt or Political Organization IRS Form](#). Form 4506-A is used to request copies of an exempt or political organization's return, report or notice. You can mail or fax Form 4506-A to the IRS. Use TEOS for copies of Form 990-N, Electronic Notice (e-Postcard), and for direct access to Form 990-series returns received by the IRS in 2017 or later. Check TEOS to see if the return you're requesting is available there before submitting Form 4506-A.

Please review the Instructions for Form 4506-A (Rev. 11-2021) and Instructions for Form 4506-B (11-2021) before you submit the form. Submitting incomplete or incorrect information or sending to the incorrect mailing, fax or email address will cause delays.

### **Taxable Unrelated Business Income: Online Course**

Even though your organization is tax exempt, it may generate taxable income. The [Unrelated Business Income course](#) explains how to determine if you have taxable income and how to report it. Organizational leadership and volunteers should complete the [Tax-Exempt Organization Workshop](#) for important information on the benefits, limitations and expectations of tax-exempt organizations.

### **IRS News Releases**

[IRS unveils new online identity verification process for accessing self-help tools](#)

[IRS announces new online tool to help U.S. withholding agents validate their 1042-S data prior to filing](#)

## RELATED PRACTICE AREAS

- Non Profit Organizations

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