

# IRS Releases Streamlined Form 1023-EZ for Small Organizations Seeking 501(c)(3) Status

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On July 1, 2014 the Internal Revenue Service issued Form 1023-EZ, a streamlined version of the Form 1023, to make it easier for small organizations to apply for tax exempt status under Internal Revenue Code ("Code") Section 501(c)(3). Form 1023-EZ, which must be filed electronically, is only three pages long compared to the 26-page Form 1023. Eligible organizations filing Form 1023-EZ pay a user fee of \$400.

A partial list of the requirements for filing the new Form 1023-EZ include the following:

1. Projected annual gross receipts must not exceed \$50,000 per year for the next three years.
2. Annual gross receipts for the previous three years must not have exceeded \$50,000 per year.
3. Total assets must not exceed \$250,000.

The remainder of the requirements, which list types of organizations that may not file Form 1023-EZ but must file the longer Form 1023, are set forth in the instructions to Form 1023-EZ available at the IRS website.

This should present a welcome and less expensive and time consuming alternative to small nonprofit organizations applying for tax exempt status under Code Section 501(c)(3).

However, one significant difference from the longer Form 1023 is that the filer of the new Form 1023-EZ must state under penalty of perjury that the organization: (1) is organized and will be operated for one or more exempt purposes under Code Section 501(c)(3), (2) does not substantially further a non-exempt purpose, and (3) upon dissolution the remaining assets will be used exclusively for Code Section 501(c)(3) purposes. Under the longer Form 1023, the IRS will determine the answer to these and other questions. This may give the filer pause before signing the Form 1023-EZ under penalty of perjury.