

Applying for and Maintaining Tax-Exempt Status

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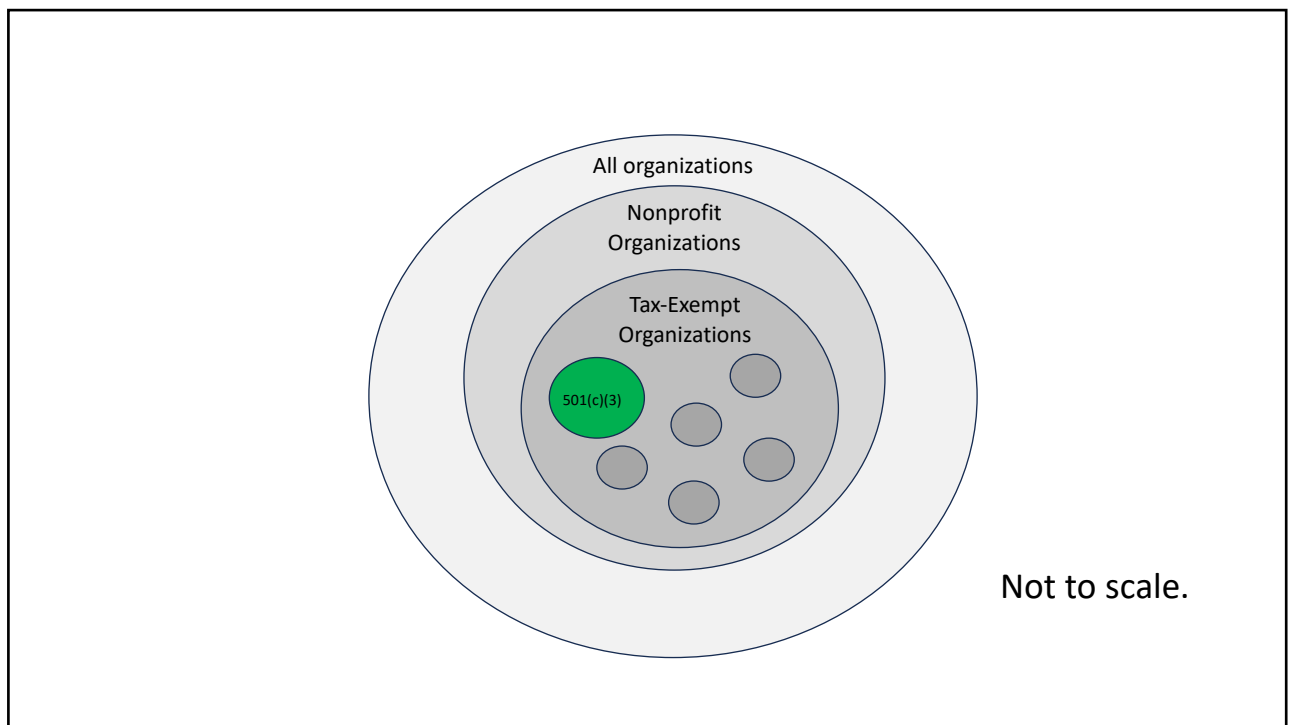
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Common Tax-Exempt Classifications

- **I.R.C. §501(c)(3).** Religious, charitable, scientific, literary, educational
- **I.R.C. §501(c)(4).** Civic leagues; social welfare organizations
- **I.R.C. §501(c)(6).** Business leagues; chambers of commerce
- **I.R.C. §501(c)(7).** Social or recreational clubs

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Assumptions:

- Eligible state-law entity
- Purposes limited to those permitted for type of exemption sought
- Appropriate dissolution provision
- No anticipated private benefit or private inurement

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Methods of Obtaining Recognition of Exempt Status

- Self-Declare (use is limited)
- Form 1023-EZ (use is limited)
- Form 1023

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Pros and Cons of Self-Declaring

| Considerations | PRO | CON |
|---|-----|-----|
| No Filing Fee | ✓ | |
| Immediate | ✓ | |
| “Non-intrusive” | ✓ | |
| Potential Donors/Stakeholders Cannot Confirm Organization’s Status | | X |
| Organization Might be Uncertain about its Exempt Status | | X |
| Missed Opportunity to Disclose Facts/Identify Barriers to Exemption | | X |
| I.R.S. Use of Compliance Checks | | X |
| No I.R.S. Determination Letter for State Tax Exemption | | X |

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First appeared as part of the conference materials for the
2024 Nonprofit Organizations Fundamentals session
"Applying for and Maintaining Tax-Exempt Status"