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**UT LAW | CLE**

 **TEXAS Law**  
The University of Texas at Austin  
School of Law

# **REGULATORY HORIZONS INTERPLAY: STATE AND FEDERAL ENFORCEMENT**

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## **IRS Enforcement Activities: FY24 Program Letter**

- **Internal Collaboration Across the IRS**
  - “Collaborative examinations” addressing the “overlap between high-income and high-wealth individuals, exempt organizations, and estate and gift tax.”
  - Underreporting through expanded examinations and other actions in the following taxpayer segments: large corporate, large partnership, high-income and high-wealth individuals, employment tax, exempt organizations, estate and gift tax, excise tax, and any other areas where audit coverage has declined over the past decade.
  - Collaborate across IRS on highly complex and or emerging issues including, but not limited to, examinations of ESOPs, tax exempt hospitals, and high income/high wealth individuals.

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## IRS Enforcement Activities: FY24 Program Letter

- Continued Reliance on Data Analytics
  - Collaborate with Research, Applied Analytics, and Statistics Office (RAAS) to continue building and refining Exempt Organizations exam case selection.
  - Continue to incorporate new network analysis tools that allow graphical exploration of the connections between entities and help to identify potentially problematic relationships.

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## IRS Enforcement Activities: FY24 Program Letter

- Overhaul the Referral Process
  - Complete and launch Form 13909, Tax-Exempt Organization Complaint (Referral) in the Digital and Mobile Adaptive Forms (DMAF) framework to allow the public to submit a referral using the electronic form accessible from any device.
  - Work with RAAS to develop an Artificial Intelligence capability to review and prioritize referrals received on Exempt Organizations.

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## TEGE Accomplishments Letter

- Last released in FY2022, but many of the initiatives are still being seen today
  - Working with Small Business/Self-Employed (SB/SE), Large Business and International (LB&I) and Criminal Investigation (CI) on syndicated conservation easement cases.
  - Work on fraud, promoter investigations and abusive transactions.
  - Partner with LB&I and RAAS around high income/high wealth taxpayers and the identification of linkages involving TE/GE organizations.

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## TEGE Accomplishments Letter: Compliance Strategies

- For-profit successors: Organizations that operated as for-profit entities before their conversion to 501(c)(3).
- Private benefit and inurement: Organizations that show indicators of potential private benefit or inurement to individuals or private entities through private foundation loans to disqualified persons.
- IRC Section 501(c)(7) entities: Focused on investment and nonmember income generated by exempt recreational and social clubs.
- Form 990-N filing eligibility: whether an organization was eligible to file Form 990-N where related filings indicate the organization's gross receipts aren't normally \$50,000 or less.
- Hospital organizations with unrelated business income: Focused on expenses materially exceeding gross income.

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## Title search: Regulatory Horizons Interplay: State and Federal Enforcement

Also available as part of the eCourse

[2024 Nonprofit Organizations eConference](#)

First appeared as part of the conference materials for the  
41<sup>st</sup> Annual Nonprofit Organizations Institute session

"Regulatory Horizons Interplay: State and Federal Enforcement"