

§ 7965—Exempt Organizations

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must include a detailed statement of the activities or proposed activities of the following types of organizations:¹

- ... Religious organizations.
- ... Hospitals.
- ... Clinics.
- ... Old age homes.
- ... Community nursing bureaus.
- ... Community funds.
- ... Charitable and educational loan organizations.
- ... Charitable organizations supporting education.
- ... Educational organizations including a museum, zoo, planetarium, symphony orchestra and similar organizations.
- ... College campus organizations.
- ... Alumni associations.
- ... Athletic organizations.
- ... Scientific organizations.
- ... Literary organizations.
- ... Associations for prevention of cruelty to children or animals.

Consult your local district director for the specific information required with respect to any particular type of organization.

1. Regs. § 1.501(a)-1(b)(1)(iii); IRS Doc. No. 5551, (10/64).

§ 7964. Official application forms. Official exemption application forms are provided for the following categories:

- ... Charitable, religious, educational, literary, scientific, etc., organizations. Form 1023.
- ... Civic leagues, labor unions, local employee's associations, agricultural or horticultural organizations, chambers of commerce and similar organizations, and fraternal beneficiary societies. Form 1024.
- ... Social and athletic clubs. Form 1025.
- ... Title holding companies, cemetery companies, local benevolent life insurance associations, mutual ditch, irrigation or telephone companies. Form 1026.
- ... Voluntary employees' beneficiary associations and supplemental unemployment benefit trusts. Form 1027.

In any case when no official form of application is provided, the local district director should be consulted for the information to be submitted and the procedure to be followed in establishing exemption.¹

1. IRS Doc. No. 5551, (10/64).

§ 7965. Tentative or advance determination letters and rulings. In most cases, tentative

determination letters or rulings will be issued in advance of operation provided the organization can describe its proposed operations in sufficient detail to convince the Treasury that they will be clearly exempt under the law.¹

1. Rev. Proc. 63-30, CB 1963-2, 769, superseding Secs. 2 and 4 of Rev. Proc. 62-30, CB 1962-2, 512.

§ 7966. Revocation or modification of exemption. Exemption rulings and determination letters may be revoked. Causes for revocation include failure to file annual information returns and material changes in the organization's character, purpose, or method of operation.¹

The revocation may be retroactive and deficiencies (and penalties) may be claimed for open years. But the Treasury may not abuse its discretion in this respect.²

The general policy of the Treasury is to limit retroactive revocation to cases where:³

- ... A material fact was omitted or misstated.
- ... The organization operated in a manner materially different than that represented.
- ... The organization engaged in a prohibited transaction.

The foregoing policy is generally supported by the cases.⁴ It also has been held that the Commissioner isn't barred from revoking an exemption retroactively to the time of material change in relevant facts or applicable law occurring after the ruling was issued.⁵

1. Proc. Rules § 601.201(n)(10); Rev. Proc. 62-30, Sec. 8.03, CB 1962-2, 512.
2. *Automobile Club of Michigan v. Com.*, 353 U.S. 180, 1 L. ed. 2d 746, aff'd 230 F. (2d) 595.
3. Proc. Rules § 601.201(n)(10)(iii); Rev. Proc. 62-30, Sec. 8.03, CB 1962-2, 512.
4. *Lesavoy Foundation v. Com.*, 238 F. (2d) 569; *Loraino Avenue Clinic*, 31 T.C. 141.
5. *Stevens Bros. Foundation, Inc.*, 39 T.C. 93, aff'd 324 F. (2d) 633, cert. den. 376 U.S. 969, reh. den. 377 U.S. 920.

§ 7967. Protesting adverse and revoked or modified determination letters and rulings. A taxpayer is entitled to file a protest with the district director if the determination letter or ruling issued denies his exemption application or if an exemption is later revoked or modified. A timely protest starts the administrative review of the particular determination.¹

Observation: A protest consists of a statement of the facts and the law and the taxpayer's arguments in support of his contention.

If the taxpayer's protest is unsuccessful a deficiency will eventually be assessed against him. At this point, the taxpayer will have the usual alternatives of either contesting the deficiency in the Tax Court or paying it and filing a refund claim and thereafter suing for refund in the district court or the Court of Claims.

1. Proc. Rules § 601.201(n).