

State Courts

In most states a Probate or Surrogate court is empowered to determine the taxability status of a not-for-profit corporation or determine the tax-exemption of an organization owned or controlled by a decedent. Since this method of obtaining tax-exempt recognition usually requires that a director or officer of the foundation die, we don't recommend it. The death is often irrevocable and the determination is often slow.

Federal Courts

For the individual who desires the most freedom from regulation and has the patience and courage to withstand pressure, the federal courts offer the most satisfactory place to adjudicate tax-exempt recognition. The court order may be obtained from a federal court to determine whether an organization foundation is, in fact, both organized and operated exclusively for proper purposes. Such an order may be obtained upon petition by a single party (ex parte action), or may be obtained in an adversary proceeding (e.g. an attack by the Internal Revenue Service on the exempt

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