

How To Use This Book

Few people will need, or want, to read every page of this book.

It is a good idea to read Section One first. The information presented in Section One will help you decide if 501(c)(3) status is right for your organization, help you get ready to apply, and decide which application form to use.

- Chapter 1 - [501\(c\)\(3\) - Are You Sure?](#)
- Chapter 2 - [Things To Do Before Applying](#)
- Chapter 3 - [Which Form 1023 Should You Use?](#)

~If your group is very small, and plans to stay very small, the IRS may not require a 501(c)(3) application. Be very careful, though; an annual return **is** required. Take a look at [Application Not Required](#) in the Handbook.

~If your organization is affiliated with a state, regional or national organization, you may not need to prepare your own 501(c)(3) application. Take a look at [Group Exemptions](#) in the Handbook. (Note: if your organization has had its tax exempt status automatically revoked, you cannot regain it through a group ruling.)

Section Two is for those who qualify to use the short form, 1023-EZ. If you know you will be using the 1023-EZ, and feel ready to start, you will find help here with:

- Chapter 4 - [Form 1023-EZ Basics](#)
- Chapter 5 - [Form 1023-EZ Page-by-Page](#)
- Chapter 6 - [Form 1023-EZ Processing](#)
- Chapter 7 - [Miscellaneous Form 1023-EZ Information](#)

Section Three will help those who are filing the 2020 Electronic Form 1023, which I am calling the E-file Form 1023: (Note: If you started to prepare the paper version of Form 1023, but have missed the IRS deadline for the old form, you may find it helpful to use [this chart](#) which shows where to find responses for Parts/Questions of the E-file Form 1023 in a 2017 paper Form 1023.)

- Chapter 8 - [E-file Form 1023 Basics](#), includes a summary of the E-features in the pay.gov E-file Form 1023
- Chapter 9 is a [Page-by-Page](#) discussion of the E-file Form 1023. Each Part of the Form has its own Subchapter.

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- [Chapter 10](#) discusses four out of the eight Form 1023 Schedules. The Subchapter on Schedule A, for churches, has been expanded to include some information originally published in my ebook, Supplement for Schedule A.
- Once you have submitted your Form 1023, [Chapter 11](#) provides insight into what to expect as the IRS processes your exemption application, including [Initial Processing](#), [Inquiry Letters](#), and [Less Common Outcomes](#)

[Section Four](#) offers an in depth look at "foundation status," an aspect of 501(c)(3) tax law that you will need to grasp whether you are filling out Form 1023, Form 1023-EZ or Form 8940. In previous versions of this book, portions of this information was found in each of those sections; now it is all in one place. (I am not including detailed coverage of [private foundations](#) in this ebook. Although I have found it is usually fairly painless to get IRS approval of 501(c)(3) status for a simple private foundation, I have seen too many groups get themselves in trouble with the wide variety of restrictions that tax law imposes on private foundations. If you are forming this type of group, I recommend you sit down with a professional who can alert you to the potential pitfalls as well as helping you prepare your 501(c)(3) application.)

Section Five, [Your 501\(c\)\(3\) Is Approved](#), mentions a few housekeeping items to take care of once your 501(c)(3) application has been approved. The information in Section Five applies to both long-form 1023 and 1023-EZ filers.

Section Six Is for organizations seeking reinstatement of exempt status after automatic revocation.

- Chapter 12, [IRS Reinstatement Guidance](#)
- Chapter 13, [Streamlined Retroactive Reinstatement](#)
- Chapter 14, [Section 5 - Retroactive Reinstatement Within 15 Months](#)
- Chapter 15, [Section 6 - Retroactive Reinstatement After 15 Months](#)
- Chapter 16, [Post-Mark Date Reinstatement](#)
- Chapter 17, [Reasonable Cause](#)
- My personal advice appears in Chapter 18, [Reinstatement Application Advice](#)

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Section Seven covers Form 8940, Request for Miscellaneous Determination. I have skipped the parts of the form aimed at 509(a)(3) organizations or private foundations. In Section Seven, you will find detailed information to help with the following miscellaneous determinations:

- Chapter 23, Form 8940, Part II, Question 8d, [Exemption from Form 990 Filing Requirements](#)
- Chapter 24, Form 8940, Part II, Question 8e, [Advance Approval of Unusual Grants](#)
- Chapter 25, Form 8940, Part II, Question 8g, [Reclassification of Foundation Status](#)
- Chapter 26, Form 8940, Part II, Questions 8h and 8i, [507\(b\)\(1\)\(B\) Termination of Private Foundation Status](#)

Section Eight, the [Tax Exempt Status Handbook](#) contains explanations of important 501(c)(3) concepts to supplement the discussions of specific IRS forms. Links to Handbook topics throughout the ebook provide more detailed information to help you understand and fill out your 501(c)(3) application.

[Section Nine](#) offers more than a dozen Appendices with worksheets or sample wording that may be helpful.

Glance at the [Table of Contents](#) and at the list of topics in the [Handbook](#). More than a glossary, but less than an encyclopedia, the Handbook contains useful information that did not fit into the "Page by Page" discussions of Forms 1023, 8940 and 1023-EZ. If a Chapter or Handbook topic specifically covers your type of group, or a concern you have, read it. Keep the book handy while you fill out Form 1023. As questions come up, you can turn to the appropriate section of the ebook.

Some portions of this book (for instance, [Section Seven](#), about IRS Form 8940, Request for Miscellaneous Determination, or Handbook entries on [Change of Accounting Period](#), [Filing Requirements](#), [Unrelated Business Income](#) or [Examinations](#)) will be useful even after your organization has received recognition under 501(c)(3).

Many Chapters and topics throughout the book end with a section entitled "For More Information." Follow the links there to find information in the Tax Exempt Status Handbook section of this ebook, or on the Internet.

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Because this is an ebook, most page numbers within the text are hyperlinks; if you click on them, you will go there. (Float your mouse pointer over a page number to see specific instructions for your own computer.) Most web addresses (urls) are also hyperlinks; if you click on them while your computer is signed onto the Internet, you will go there. Hyperlinks that take you to another part of this book are distinguished from Internet hyperlinks by a [curly underline](#). After you have viewed the information in an interior hyperlink, ALT+◀ will return you to where you started in many versions of Word. (Otherwise, make a note of the page you are about to leave.) All links were working when this book was first published - keep in mind, however, that broken Internet links are an unavoidable fact of modern life.

When I was revising the book this time around, I wondered if readers might be confused by all the different types of "sections" - Internal Revenue Code sections, Regulations sections, sections of IRS Revenue Procedures and IRS forms, sections of this book . I decided to use the traditional § mark for sections of the Internal Revenue Code and Income Tax Regulations, to cut down on possible confusion.

Also new in this revision, I have improved the navigation bar. (Click on "Find" in the home tab; when the panel opens on the left hand side of the screen, click on Headings.). This will make it easier to get around this 400+ page document.

No index or glossary for this book has been provided. Use the built-in "find" function in the Edit menu (older versions of Microsoft Word) or at the far right within the Home tab (Microsoft Word 2007 and later).

If you are using the PDF version of the book, the page numbers and other internal hyperlinks may not work, but there is still a Search function that you can use, and web addresses (urls) should still work if you are using the book while your computer is signed onto the Internet.

This is an excerpt from Prepare Your Own 501(c)(3) Application © 2020 Sandy Deja