Automatic Revocation of Tax-Exempt Status

Most tax-exempt organizations other than churches and certain church-related organizations are required to file an annual information return or notice with the IRS.

Organizations that do not file for three consecutive years automatically lose their tax-exempt status. An automatic revocation is effective on the original filing due date of the third annual return or notice.

The List of Automatically Revoked Organizations is Posted on the IRS Website

The IRS publishes on its website the list of organizations whose tax-exempt status was automatically revoked because of failure to file a required Form 990, 990-EZ, 990-PF or Form 990-N (e-Postcard) for three consecutive years.

The list (the Revocation List) gives the name, employer identification number (EIN), organization type, last known address the organization provided to the IRS, effective date of revocation and the date the organization was added to the list. IRS updates the Revocation List monthly. The IRS also sends a letter (CP-120A) to each organization, at its last known address, stating that its exempt status has been automatically revoked because it has not filed a required annual return or notice for three consecutive years.

Reinstating Tax-Exempt Status

An automatically revoked organization must apply to have its status reinstated, even if the organization was not originally required to file an application for exemption. In Revenue Procedure 2014-11, the IRS explains the four ways to do this:

Streamlined Retroactive Reinstatement

Organizations that were eligible to file 990-EZ or 990-N (ePostcard) for the three years that caused their revocation may have their tax-exempt status retroactively reinstated to the date of revocation if they:

- Have not previously had their tax-exempt status automatically revoked.
- Complete and submit Form 1023 or Form 1024 with the appropriate user fee not later than 15 months after the later of the date of the organization's revocation letter (CP-120A), or the date the organization appeared on the Revocation List on the IRS website.

These organizations should write on the top of the Form 1023 or Form 1024, "Revenue Procedure 2014-11, Streamlined Retroactive Reinstatement," and mail the application and user fee to:

Internal Revenue Service
P.O. Box 12192
Covington, KY 41012-0192

The Service will not impose the Section 6652(c) penalty for failure to file annual returns for the three consecutive taxable years that caused the organization to be revoked if the organization is retroactively reinstated under this procedure and files properly completed and executed paper Forms 990-EZ for all such taxable years. (For any year for which the organization was eligible to file a Form 990-N, the organization is not required to file a prior year Form 990-N or Form 990-EZ to avoid penalties.) The organization should write "Retroactive Reinstatement" on the Forms 990-EZ and mail them to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0027

Retroactive Reinstatement Process (Within 15 Months)

Organizations that cannot use the Streamlined Retroactive Reinstatement Process (such as those required to file Form 990 or Form 990-PF for any of the three years that caused revocation, or those that were previously auto-revoked) may have their tax-exempt status retroactively reinstated to the date of revocation if they:

- Complete and submit Form 1023 or Form 1024 with the appropriate user fee not later than 15 months after the later of the date of the organization's revocation letter (CP-120A), or the date the organization appeared on the Revocation List on the IRS website.
- Include with the application a statement establishing that the organization had reasonable cause for its failure to file a required annual return for at least one of the three consecutive years for which it failed to file.
- Include with the application a statement confirming that it has filed required returns for those three years and for any other taxable years after that period and before the post-mark date of the application for which required returns were due and not filed.

- File properly completed and executed paper annual returns for the three consecutive years that caused the revocation and for any following years. The organization should write "Retroactive Reinstatement" on these returns and mail them to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

These organizations should write on the top of the Form 1023 or Form 1024, "Revenue Procedure 2014-11, Retroactive Reinstatement," and mail the application and user fee to:

Internal Revenue Service
P.O. Box 12192
Covington, KY 41012-0192

If the organization is retroactively reinstated under this procedure, the IRS will not impose the Section 6652(c) penalty for failure to file annual returns for the three consecutive taxable years that caused the organization to be revoked.

Retroactive Reinstatement (After 15 Months)

Organizations that apply for reinstatement more than 15 months after the later of the date of the organization's revocation letter (CP-120A), or the date the organization appeared on the Revocation List on the IRS website may have their tax-exempt status retroactively reinstated to the date of revocation if they:

- Satisfy all of the requirements described under the "Retroactive Reinstatement (Within 15 Months)" procedure EXCEPT that the reasonable cause statement the organization includes with its application must establish reasonable cause for its failure to file a required annual return for all three consecutive years for which it failed to file.

If the organization is retroactively reinstated under this procedure, the IRS will not impose the Section 6652(c) penalty for failure to file annual returns for the three consecutive taxable years that caused the organization to be revoked.

Post-Mark Date Reinstatement

Organizations may apply for reinstatement effective from the post-mark date of their application if they:

- Complete and submit Form 1023 or Form 1024 with the appropriate user fee.

These organizations should write on the top of the Form 1023 or Form 1024, "Revenue Procedure 2014-11, Reinstatement Post-Mark Date," and mail the application and user fee to:

Internal Revenue Service
P.O. Box 12192
Covington, KY 41012-0192

The Effect of Losing Tax-Exempt Status

If an organization's tax-exempt status is automatically revoked, it is no longer exempt from federal income tax. Consequently, it may be required to file one of the following federal income tax returns and pay applicable income taxes:

Form 1120, U.S. Corporation Income Tax Return, due by the 15th day of the 3rd month after the end of the organization's tax year, or Form 1041, U.S. Income Tax Return for Estates and Trusts, due by the 15th day of the 4th month after the end of your organization's tax year.

A Section 501(c)(3) organization that is automatically revoked is not eligible to receive tax-deductible charitable contributions and will be removed from the cumulative list of tax-exempt organizations eligible to receive tax-deductible charitable contributions, Exempt Organization Select Check (Pub 78 database).

Donors can deduct contributions made before an organization's name appears on the Automatic Revocation List. Tax-deductible contributions may be made to an organization whose tax-exempt status is subsequently reinstated.

State and local laws may affect an organization that loses its tax-exempt status as well.

For More Information

Charities and Nonprofits web page www.IRS.gov/eo

Automatic Revocation of Exemption List
The Auto-Revocation List may be viewed and searched on EO Select Check.

Frequently Asked Questions - Automatic Revocation of Tax-Exempt Status for Failure to File Annual Return or Notice

Life Cycle: Explains how to establish and maintain an exempt organization. Select the "Life Cycle" link at www.IRS.gov/eo

Toll-free Customer Account Services
Call 877-829-5500