**7.20.4.2.1 (12-03-2018) Annotated by Eve Borenstein November 2022**

#### Determining Automatic Revocation Status/Impact

1. Conduct or obtain IDRS research on **all cases** to determine whether an organization is currently automatically revoked, records need to be updated to reflect automatic revocation, or needs actions taken to prevent an erroneous automatic revocation. Research IDRS command code BMFOLO (or INOLES) as well as BMFOLI and BMFOLT (as necessary).

### Note:

Use BMFOLT to confirm if a return was filed timely (including filed extensions). It may not be needed for every organization.

1. Import the IDRS research into the non-disclosable section of the TEDS case file.
2. Review IDRS research and information in the case file to determine if the organization is correctly in Status 97 or should be updated to Status 97 based on:
	* Its date of formation

### Note:

If an organization has changed its legal form after it was (or should be) automatically revoked, follow the procedures in this section and IRM 7.20.4.2.2, Reinstatement Effective Date and Other Case Processing.

* + Its fiscal year month
	+ Prior case processing information (such as ruling and effective date)
	+ Whether returns were filed

### Reminder:

An organization’s filing a return (for **any one** of the three years in question) by the return due date of the third year (including filed extensions) meets the filing requirement for those years to avoid automatic revocation.

### Note:

If the organization didn’t file for exemption within 27 months of formation, or meet Treas. Reg. 301-9100 relief requirements, and there is no indication of a request for reinstatement, do not push to Status 97. Grant exemption from postmark date and complete a Special Handling Notice for TC590 input. See IRM 7.20.2.2.1.

1. Request additional information if the organization’s date of formation and/or fiscal year month are unclear or unknown.
2. Determine whether automatic revocation is correct or required.

| **If the organization** | **Then** |
| --- | --- |
| Re-formed as a new organization since it was originally created | See IRM 7.20.4.2.5, New Organization. |
| Is correctly revoked and is in Status 97 on IDRS | Review Tax Exempt Organization Search to ensure the organization’s automatic revocation date is listed and correct.1. If the Tax Exempt Organization Search revocation date is correct, see *IRM 7.20.4.2.2*, Effective Date of Reinstatement and Other Case Processing.
2. If the Tax Exempt Organization Search revocation date is later than the correct revocation date, see *IRM 7.20.4.2.6*, Tax Exempt Organization Search Corrections.
3. If the revocation date is prior to the correct revocation date, see *IRM 7.20.4.2.7*, Erroneous Revocations.
 |
| Must be updated (“pushed”) to Status 97 | Email \*TE/GE-EO-Correspondence Unit with the following:* + Subject line: Update to Status 97
	+ Organization name
	+ Employer Identification Number (EIN)
	+ Subsection requested
	+ Date of formation
	+ Fiscal year month
	+ Proposed revocation date

Import the email into the non-disclosable section of the TEDS case file. Note: If the proposed revocation date is incorrect, the Correspondence Unit sends you an email with the correct date (typically within 48 hours). |
| May have been erroneously revoked, including errors related to prior incorrect case processing | See IRM 7.20.4.2.7, Erroneous Revocations. |
| Shouldn’t be automatically revoked and the EIN Establishment Date is prior to its effective date | See IRM 7.20.4.2.8, Old EIN Establishment Date. |
| Submitted its application within three months of the due date of its third year required return, it will be automatically revoked if it doesn't file a return by that date, and it otherwise qualifies for exemption | Notify the organization of its filing responsibility to avoid pending automatic revocation. Call the organization or, if sending a Letter 1312, include the information in the letter. Explain if it files a return for **any** of the 3 most recent tax years before \_(the due date of the third year return), then it won’t be automatically revoked. Before closing the case:1. If closing the application after the filing due date of the third year, conduct or obtain IDRS research to determine if an appropriate return has been filed.
2. If an appropriate return has been filed, follow non-auto revocation case processing procedures.
3. If an appropriate return has not been filed (or a filing extension requested), request an update to Status 97 following the procedures listed above as well as the relevant “no gap” information in *IRM 7.20.4.2.2 (8)*, Reinstatement Effective Date and Other Case Processing, and *IRM 7.20.4.2.3*, Closing Automatic Revocation Cases.
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**7.20.4.2.2 (12-03-2018)**

**Reinstatement Effective Date and Other Case Processing**

1. Determine the appropriate reinstatement effective date following the procedures listed in Rev. Proc. 2014-11. Tax-exempt status may be reinstated under Rev. Proc. 2014-11, Section 4, 5, 6, or 7.

**Note:** Eligible organizations may request reinstatement under Section 4 or 7 by submitting Form 1023-EZ.

1. If the organization submits Form 990 Schedule B **[what is this referring to?]** as its financial data required for the reinstatement process or otherwise references the Form 990 for its financial information:
	1. Call or write the organization to explain Form 990 isn't considered part of the application package, but if used, it’s available for public inspection.
	2. Include a concise summary of any phone conversation on the case chronology record (CCR) documenting whether the organization agreed to use the Form 990 as its financial data.
	3. Send a letter to the organization requesting written confirmation if unable to contact by phone **or** if the organization doesn’t want to disclose Schedule B **[again, ?]**.
2. Follow the chart below to determine under which section of Rev. Proc. 2014-11 the organization qualifies for reinstatement.

| **Step** | **Question** | **Action** |
| --- | --- | --- |
| Step 1 | Is the automatic revocation date after the postmark date of the application? | Yes. Consider whether "no gap" procedures apply (see paragraph (8) for "no gap" requirements and effective date information). If "no gap" procedures don't apply, the effective date of exemption is the automatic revocation date if the organization otherwise qualifies for exemption as of that date.No. Go to Step 2. |
| Step 2 | Did the organization request reinstatement as of the application’s postmark date? | Yes. See paragraph (7) for Rev. Proc. 2014-11, Section 7 requirements.No. Go to Step 3. |
| Step 3 | Did the organization apply no later than 15 months after the later of the date:* Of the automatic revocation letter or
* The date on which the IRS posted its name on the Auto-Revocation List under Revocation Posting Date (Tax Exempt Organization Search)?
 | Yes. Go to Step 4.No. See paragraph (6) for Rev. Proc. 2014-11, Section 6 requirements. |
| Step 4 | Was the organization eligible to file either a Form 990-EZ or Form 990-N for each of the three consecutive years that it failed to file? | Yes. See paragraph (4) for Rev. Proc. 2014-11, Section 4 requirements.No. See paragraph (5) for Rev. Proc. 2014-11, Section 5 requirements. |

**Note:** See your manager with any questions about "reasonable cause."

1. The organization meets the requirements for retroactive reinstatement under Rev. Proc. 2014-11, Section 4, if it:
	1. Was eligible to file either Form 990-EZ or Form 990-N for each of the three consecutive years that it failed to file;
	2. Hasn’t previously had its tax exemption revoked per IRC 6033(j);
	3. Completes and submits the appropriate application and user fee for reinstatement within 15 months from the later of: the date of the automatic revocation letter or the date the IRS posted its name on the auto-revocation list on Tax Exempt Organization Search; **and**
	4. Writes "Revenue Procedure 2014-11, Streamline Retroactive Reinstatement" on the top of the application.

**Note:** If the organization doesn’t write this information on the application, process the request as if it is included.

1. The organization meets the requirements for retroactive reinstatement under Rev. Proc. 2014-11, Section 5, if it:
	1. Isn't eligible to apply under Section 4;
	2. Completes and submits the appropriate application and user fee for reinstatement within 15 months from the later of: the date of the automatic revocation letter or the date the IRS posted its name on the auto-revocation list on Tax Exempt Organization Search;
	3. Includes a reasonable cause statement (described in Section 8.01 of Rev. Proc. 2014-11) sufficient to establish reasonable cause for failing to file a required annual return or notice **for at least one** of the three consecutive years in which it failed to file; **and**
	4. Includes a statement that it filed the required annual returns.

**Note:** You don’t need to verify whether the returns are posted on IDRS.

1. The organization meets the requirements for retroactive reinstatement under Rev. Proc. 2014-11, Section 6, if it:
	1. Completes and submits the appropriate application and user fee for reinstatement more than 15 months from the later of: the date of the automatic revocation letter or the date the IRS posted its name on the auto-revocation list on Tax Exempt Organization Search;
	2. Includes a reasonable cause statement (described in Section 8.02 of Rev. Proc. 2014-11) sufficient to establish reasonable cause for failing to file a required annual return or notice **for each** of the three consecutive years in which it failed to file; **and**
	3. Includes a statement that it filed the required annual returns.

**Note:** You don’t need to verify whether the returns are posted on IDRS.

1. The organization meets the requirements for reinstatement as of postmark date under Rev. Proc. 2014-11, Section 7, if it:
	1. Completes and submits the appropriate application and user fee for reinstatement **and**
	2. Writes "Revenue Procedure 2014-11, Reinstatement Post-Mark Date" on the top of the application.

**Note:** If the organization doesn’t write this information on the application, process the request as if it’s included. If the organization doesn’t indicate it’s requesting reinstatement under Section 7 in some way, contact it to determine whether it wants to pursue retroactive reinstatement.

1. Process the organization’s application as a "no gap" reinstatement if it:
2. Submits the appropriate application before the due date of its third required return (based on its formation date);
3. Isn’t approved before the due date of the third return (based on its formation date); **and**
4. Has not filed appropriate returns to prevent automatic revocation.

**Note:** Determine a no gap reinstatement’s effective date using standard processing procedures rather than automatic revocation procedures. See IRM 7.20.4.2.3, Closing Automatic Revocation Cases, "No Gap."

**7.20.4.2.3 (12-03-2018)**

**Closing Automatic Revocation Cases**

1. Follow case closing procedures in IRM 7.20.2 except as otherwise specified.
2. Enter the appropriate effective date and include the required selective paragraphs on the determination letter. Enter the appropriate effective date and deductibility date on EDS Form 8670 following the chart below:

| **Qualifies for** | **Effective date on letter** | **Effective date on Form 8670** | **Deductibility year on Form 8670 (if applicable)** |
| --- | --- | --- | --- |
| Retroactive Reinstatement | Revocation date | Revocation date | Original deductibility year on IDRS (or revocation year if not listed on IDRS) |
| Postmark reinstatement | Postmark date | Postmark date | Postmark year |
| New subsection in addition to retroactive reinstatement under previous subsection | Generally postmark date (use selective paragraphs for prior subsection reinstatement from revocation date) | Revocation date | Original deductibility (if original and current subsection deductible) or postmark date (if original subsection not deductible, or no year listed on IDRS) |
| No gap | Effective date as determined without regard to automatic revocation | Revocation date | Year of effective date on letter |

1. Include a selective paragraph or addendum specifying the revenue procedure under which reinstatement is granted on all reinstatement case determination letters.
2. Use other EDS automatic revocation paragraphs in addition to the one referencing the revenue procedure as necessary.
3. Prepare a Special Handling Notice checking box for "TC 590."
4. If the organization was a parent or a subordinate in a group exemption, complete a Form 2363-A, Request for IDRS Input for BMF/EO Entity Change, to remove the group exemption information. See *IRM 7.20.4.2.4* and *IRM 7.20.4.7*, Subordinates Leaving a Group Ruling for Individual Exemption, for instructions on completing Form 2363-A.
5. If an organization was pushed to Status 97 but is not yet listed as automatically revoked on Tax Exempt Organization Search, include an addendum in the closing letter and check the box "Unlisted" on the Special Handling Notice.
6. If an organization didn’t respond to a request for additional information, follow failure to establish (FTE) or incomplete response denial procedures in IRM 7.20.2. Close FTE cases in Status 12.