

July 21, 2016

501(c)(4) "Social Welfare" Organizations - Change to IRS Regulations for Newly Formed Organizations

NOT-FOR-PROFIT, TAX
BY MELANIE PANTALONE

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The Protecting Americans from Tax Hikes Act of 2015 (the PATH Act) included a provision that requires 501(c)(4) organizations to notify the Secretary of Treasury (the Secretary), no later than 60 days after the organization is established, that it is operating as a Section 501(c)(4) organization. This law applies to all Section 501(c)(4) organizations organized after December 18, 2015. The IRS subsequently provided transition relief by extending the date to organizations established after July 8, 2016.

The 501(c)(4) organizations that are exempt from complying with the new regulation are organizations that had, on or before July 8, 2016:

- formally applied for recognition as an organization exempt under Section 501(c)(4) by filing Form 1024; or
- filed at least one annual information return or notice (Form 990, Form 990-EZ, or Form 990-N).

An organization that was organized on or before July 8, 2016 that did not file Form 1024 or an annual return by July 8, 2016 must electronically file Form 8976 by September 6, 2016.

Form 8976, Notice of Intent to Operate Under Section 501(c)(4), must be filed electronically through the Form 8976 Electronic Notice Registration System. Paper submissions will not be accepted and will be treated as incomplete. The registration is a one-time filing that includes a \$50 fee, paid through Pay.gov. Organizations do not need special software to submit a Form 8976, but they do need a valid email address to create a username and password for the filing system. The individual who will file the organization's Form 8976 must establish an account at <https://services.irs.gov/registration/>.

Form 8976 requires the following information when filing:

- Business name
- Address
- EIN
- Date organized
- State and county in which the entity is organized
- Filing year/month
- Statement of purpose of the organization

The Form 8976 is due no later than 60 days after the organization is established. A \$20 per day penalty is assessed to organizations that are not compliant, not to exceed \$5,000. The IRS is required to acknowledge receipt of Form 8976, by sending an electronic notification to the email used to register the online account.

Form 8976 is not an IRS Determination Letter. In addition to filing Form 8976, an organization must file Form 1024, Application for Recognition of Exemption Under Section 501(a), to obtain tax exempt status.

For more information and guidance on Form 8976, visit [\[T.D. 9775\]](#) for the final and temporary regulations issued July 12, 2016 by the Federal Register and [Revenue Procedure 2016-41](#) issued by the IRS.

[Contact us](#) if you have questions regarding the new regulations for Form 8976.

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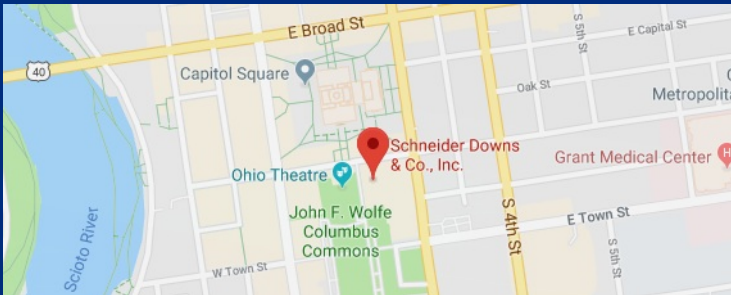
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