

TAX RETURN REJECTED? STEPS TO LET IRS KNOW WHO YOU ARE.

If your tax return was rejected as a result of the 2011 convention action to domicile NAP in the District of Columbia, it is important that you read these instructions. As a result of the reincorporation, the group exemption letter which extended an automatic tax-exempt status to you no longer exists. What the rejection means is simply the IRS isn't sure what type of tax-exempt organization you are and therefore they need you to call to clarify how you are exempt.

How easily you are able to reinstate is based primarily on gross receipts (average over the past three years).

- If **LESS** than \$5,000. This applies to substantially all units and most associations. An authorized officer must call IRS Customer Account Services at 877-829-5500 (expect ~1 hour wait time) and explain the following:
 - Your tax return was rejected because your parent organization no longer has a group exemption letter in force.
 - Your governing documents include the necessary provisions to be tax-exempt under 501(c)(3) and this hasn't changed since you qualified under the group exemption letter.
 - Your gross receipts are less than \$5,000 and therefore in accordance with Section 508(c)(1), you are exempt from filing Form 1023 or 1023-EZ for recognition of your tax-exempt status and you'd like your record to be updated to reflect this.
 - Form 1023 or Form 1023-EZ is not applicable to your organization as your tax-exempt status was not revoked because you failed to file but because the parent organization no longer has a group exemption letter. You independently qualify for the tax-exempt status as a 501(c)(3) as your governing documents meet the criteria established in Publication 557, and Section 508(c)(1) exempts you from the Form 1023/1023-EZ application process.

- If **MORE** than \$5,000. Please refer to the "Unit and Association Tax Status" webinar available for free on NAP's site. It is the only item in the NAP Store with the keyword "tax". This will walk you through the process. A one-time application fee of \$400 is paid and you will receive in approximately 2-3 weeks a determination letter. It is important that you keep this letter as it demonstrates you are tax-exempt. Once you have this status, contact IRS Customer Account Services at 877-829-5500 (expect ~1 hour wait time) and have them update your file. They should be able to locate the tax exemption letter in the system.

After completing the above steps, you will need to wait approximately 5-6 weeks before filing your Form 990-N. It's imperative that you continue filing Form 990-N as if your tax-exempt status is revoked, you will have to go through the formal process (1023-EZ) of getting a determination letter even if you weren't required in the past. This can be a significant financial burden for many.

Please be persistent and courteous when dealing with the IRS agent. While they are subject-matter experts, some may not be familiar with all of the specific guidance and the more knowledgeable and confident you appear the more probable this can be resolved in a single call.