

OVERVIEW OF FORM 1023-E-FILING

Slide 2 - Introduction

This overview is presented by the Tax Exempt & Government Entities division's Exempt Organizations office.

Slide 3 - Objectives

This document explains what is required to complete Form 1023 and how to submit the form electronically at www.Pay.gov. You'll learn what to expect when applying for tax-exempt status.

This document is not intended to explain the requirements for qualification for tax-exempt status. However, you'll learn where to find information on the requirements.

Slide 4 - Legal Formation and EIN

Before you submit a Form 1023, your organization must have an organizing document and have an Employer Identification Number - or EIN. More information on [organizing documents](#) can be found in [Publication 557](#), Tax-Exempt Status for Your Organization. To apply for an EIN, go to the [Employer ID Number](#) page on IRS.gov.

Slide 5 - Create Pay.gov Account

If you've never created an account at www.Pay.gov, go to the website and select "Create an Account" at the top right of the screen. The prompts will help you set up a new account.

If you've used Pay.gov for other forms in the past, you don't need to create a separate account to complete and submit Form 1023.

Next, sign into your Pay.gov account and type "1023" in the search feature at the top right of the screen. The search results will display both the Form 1023 and the Form 1023-EZ. Select "Continue" under Form 1023. Pay.gov will take you to the "landing page."

Slide 6 – Pay.gov: About Form 1023

The Form 1023 landing page displays a variety of information about Form 1023, including a link to the [Instructions](#) to help you complete the application.

This page also provides information about a required PDF attachment to Form 1023 along with a reminder to not include Social Security Numbers in your application. Towards the bottom of the page, you'll see information on when you can expect to hear from the IRS after you've submitted your application.

Another feature on the landing page is an option to preview an entire blank Form 1023, including all of the schedules. Just like most other PDF documents, you can print or save a copy, which may help while you're completing the application.

Although this PDF form may help you complete the application on Pay.gov, remember that the IRS WILL NOT accept a form that you print and mail in. If you send in a paper form, the IRS will reject the paper copy and you'll have to resubmit the information using the electronic form, delaying your application processing.

As you complete this form, only use the Pay.gov navigation buttons, not the buttons on your browser. If you use your browser's back button you may lose unsaved work.

While completing the form, you may want to use the Save button periodically so you don't lose your progress. Each time you save your work, you'll be taken to the My Forms page of your My Pay.gov account.

To continue your application process, select Continue at the bottom of the Form 1023 landing page.

Slide 7 - Pay.gov Features

Most questions have helpful instructions you can access by clicking on the question mark in the blue box next to the question. This information is also in the Instructions for Form 1023, which you can access using the link on the Form 1023 landing page or on irs.gov.

You may see various questions based on how you answered other questions on Form 1023. For example, if you answer “yes” to “you make grants to other organizations,” you’ll receive a series of questions related to that activity; if you answer “no,” you’ll continue with the next portion of the application.

Similarly, if you answer “yes” to a question that has a corresponding schedule, a button will appear directing you to complete that schedule. For example, if you answer “yes,” you operate a school, you’ll be directed to complete Schedule B.

Certain responses require you to provide a description or explanation. You’ll enter this information in the text box that displays below the question. Other questions, like the statement of revenues and expense, have fillable fields. Each text box and fillable field has its own character rules such as minimum and maximum characters or limits on what types of characters can be entered. These limits and rules vary from question to question.

Another feature in Pay.gov is a question completion requirement. Pay.gov won’t permit you to move to the next page of the form until you’ve completed all of the questions on the current page, including entering required descriptions or explanations or completing required schedules.

For example, if you skip a question or you forget to complete a required explanation or schedule, Pay.gov will prompt to you to complete that question or schedule before displaying the next page of the form.

You’re **required** to upload a single PDF document with your application. This PDF must include a copy of the applicant’s organizing document and bylaws, if adopted. This PDF is also where you will include any supplemental information you want to provide to the IRS, such as responses that don’t fit within the character limits of the text boxes. We’ll provide more about this PDF document later.

In addition to viewing a blank form from the landing page, you can preview your completed or partially completed application from any page in the application. You can also save your partially completed application and return to it later.

If you run into technical difficulties using Pay.gov, you should review the Online Help page on Pay.gov or use the “Contact Us” information at the bottom of most Pay.gov pages.

Finally, if you have questions about the application itself or Section 501(c)(3) requirements for exemption, you can contact TE/GE Customer Accounts Services for assistance at the toll-free at 877-829-5500.

Slide 8 - Form 1023, Part I

In Part I, *Identification of Applicant*, you’re asked to enter basic organizational information including the name and mailing address of the organization, EIN, contact information and a list of officers, directors or trustees.

One thing to note about Part I is that you must include the name, title and address of the person who will sign this application within your **first five** entries of officers, directors or trustees. If you have more than five names to enter, you must check the box indicating you have additional names to add and Pay.gov will display a text box for you to enter the additional information.

Slide 9 - Form 1023, Parts II and III

Part II of Form 1023 asks about the applicant’s organizational structure. You’ll need to know how and where the organization was legally formed, whether it adopted bylaws and whether it’s a successor to another organization. You may be prompted to provide narrative explanations or complete a required schedule based on your responses to the questions.

You’re required to upload a copy of the applicant’s organizing document before submitting this form, which will be addressed later in this document.

Part III asks about required provisions in the applicant’s organizing documents. In order to qualify for exemption, all Section 501(c)(3) organizations must meet certain organizational language requirements. Prior

to completing your application, we recommend you review these purpose and dissolution clause requirements in the [Instructions for Form 1023, Publication 557](#) or other information available on [IRS.gov](#).

When completing Part III, if you checked that your organizing document has the required language, you must indicate where the required purpose and dissolution provisions are located in the document.

Slide 10 - Form 1023, Parts IV and V

In Part IV, you're asked to provide a detailed description of the organization's activities and pick a National Taxonomy of Exempt Entities (or NTEE) code that describes its primary purpose or activity. A list of NTEE codes are in the [Instructions for Form 1023](#).

Your detailed activity description is limited to 5,000 characters, or about one typed page of text. If you need additional space to describe activities or answer any of the other questions in this or any other section of the application, you can include the balance of the additional information in the PDF file you're required to upload before submitting the application.

The application also asks questions about specific activities the organization may be conducting. You may be prompted for explanations or more detailed descriptions of these specific activities based on your answers to these questions, or you may be required to complete various schedules. For example, if you answer "yes," you operate a school, you'll be directed to complete Schedule B.

This is a good time to remind you that you should include and consider past, present and planned activities when responding to questions throughout the application.

Part V asks questions related to any compensation and financial arrangements of the organization. These questions focus on compensation practices, related party transactions, and contracts and other financial relationships such as management contracts or joint ventures.

The instructional text and Form 1023 instructions are particularly helpful when responding to these questions.

Slide 11 – Financial Information

You're required to provide three to five years of revenues and expenses, depending on how long the organization has existed. Examples of revenues include donations, grants and fees for services. Expenses may include grants to individuals or organizations, service costs, salaries and occupancy expenses.

In Part VI, you'll show how many years your organization has existed, then input the appropriate number of years of projected or actual financial information.

You'll also enter balance sheet information, which is a snapshot of your assets and liabilities. Assets may include cash, stocks, and land or buildings. Liabilities may include accounts payable, loans or mortgages.

Slide 12 - Foundation Classification

While preparing to apply, you may have heard of the term "foundation classification." Each Section 501(c)(3) organization is classified as a private foundation unless it meets the requirements to be classified as a public charity. Public charities include churches, schools and hospitals, along with other types of publicly supported organizations.

In Part VII of the application, you'll select the foundation classification you want to request. If you are not a private foundation, you may also request that the IRS select your classification for you. Many of the foundation classification options, such as church or hospital classification, will prompt you to complete a schedule.

You should review [Publication 557](#) or the [Instructions for Form 1023](#) if you need help identifying your organization's foundation classification.

Slide 13 - Form 1023, Part VIII

Part VIII helps the IRS determine your effective date of exemption. Generally, if you file Form 1023 within 27 months after the end of the month in which you were legally formed and the IRS approves your application, the

effective date of your exempt status will be your legal date of formation. If you don't file Form 1023 within 27 months, the effective date of your exempt status will be the date you filed Form 1023, although special rules and exceptions may apply.

The application asks whether you're submitting this application within 27 months of your organization's formation. If your answer is inconsistent with the formation date entered in Part II, the system will ask you to correct whichever one is incorrect.

If you answer "no, you weren't formed within 27 months of submitting this application," the form will direct you to complete Schedule E.

Schedule E includes questions on reinstatement if your organization was automatically revoked for failure to file required returns or notices for three consecutive years, or if the organization is requesting relief from the 27-month filing requirement.

The [Instructions for Form 1023](#) provide additional information on the 27-month filing requirement and effective date of exemption.

Slide 14 - Form 1023, Part IX

Most exempt organizations are required to file a Form 990-series information return or notice every year. Please note that if an organization fails to file a required return or notice for three consecutive years, its exempt status will be automatically revoked. However, certain organizations are not required to file annual information returns or notices, including churches, their integrated auxiliaries and certain other church affiliated organizations.

Part IX of this application allows you to request an exception from filing Form 990-series returns or notices. For information on Form 990 filing requirements, visit the [Annual Filings and Forms page](#) on IRS.gov.

Slide 15 – Signature

Before you can submit your application, you must declare you are signing the application under penalties of perjury.

Previously, you were instructed to list the person who is signing the form within the **first five** spaces of the list of officers, directors or trustees. That's because in Part X, the person signing the application must type his or her first and last names exactly as they are entered on the first page of the application.

The system will then automatically enter the signer's title in Part X along with the current date.

Slide 16 – Upload Checklist and PDF Attachment

On the Upload Checklist, you'll see several items that correspond to the documents in your PDF file, such as the organizing document and bylaws. After confirming each item, select CONTINUE to go to the upload page.

Let's discuss uploading a single PDF as part of your application. First, you'll prepare your required PDF document. The PDF must be a single document and can't exceed 15 megabytes. That's about 250 pages.

The PDF must contain a copy of your organizing document and any amendments, a copy of your bylaws if you've adopted them, and any supplemental responses that didn't fit in the provided text boxes. You can also submit other information you feel is necessary for the IRS to consider.

Also, if you have an authorized representative you would like us to communicate with, you should include a completed [Form 2848](#) or [Form 8821](#) for your authorized representative in the final PDF.

Finally, if you want to request expedited handling of your application, include a written explanation as to why your application should be expedited in your PDF. For information on expedite criteria, visit the [Expedited Application Processing page](#) on IRS.gov.

After you've combined your documents into a single PDF, if you find that your document is larger than 15 MB, you must remove sufficient information to reduce it below 15 MB then contact IRS Customer Accounts Services at 877-829-5500 to find out how to submit the items you removed.

To upload the required PDF file, you'll be prompted to browse your computer or file storage location and select the document you want to upload. Just follow the prompts on the screen and select "Attach" after you've identified the correct file to upload.

Slide 17 - User Fee

Enter your user fee payment information using a bank account or credit or debit card. The system will automatically display the correct amount due, so don't worry about under or overpaying.

You also have the option to enter one or more email addresses for payment confirmation. Simply enter an email address and you'll receive an email from Pay.gov confirming that your user fee payment was submitted.

When your user fee is paid, your application is submitted. Although Pay.gov will retain a copy of your submitted application and PDF attachment in your account, we recommend you print or save a copy of your completed application and PDF attachment for your records.

Slide 18 - Additional Resources

Before we go, we want to leave you with more information on the requirements and the application process for Section 501(c)(3) exempt status.

First, the [Instructions for Form 1023](#) provide a general overview of Section 501(c)(3) status and detailed instructions for completing the application.

[Pub. 557](#), Tax-Exempt Status for Your Organization, discusses the rules and procedures for organizations that seek tax-exempt status. It explains the procedures to follow to obtain a determination letter, filing requirements and required disclosures, as well as information on the organizational test requirements under Section 501(c)(3) and different types of 501(c)(3) organizations.

If you don't have an EIN, you can get one on the [Employer ID Number page](#).

Another useful site is stayexempt.irs.gov. This site provides information for new and existing Section 501(c)(3) organizations and includes a variety of tutorials, videos and recent news. The Exempt Organization Workshop helps organization leaders, volunteers and those who wish to apply for tax exempt status understand the benefits, limitations and expectations of tax exemption. Educational institutions and charities are encouraged to use the courses to enhance their learning programs. You can find the workshop at www.StayExempt.irs.gov/workshop.

If you run into any problems with Pay.gov, we recommend you review the information on the [Pay.gov Online Help](#) option, which provides help text on Pay.gov accounts, viewing or browser issues, and other frequently asked questions.

If you can't find an answer on the Pay.gov help page, you may reach an IRS Customer Account Services representative at 877-829-5500 or visit the [Charities and Non-profits pages](#) on IRS.gov.

Slide 19 – Conclusion

If you have feedback about this presentation or other resources on StayExempt.irs.gov, please [send us an email](#). Note that this email address is only for feedback on StayExempt.irs.gov content. We cannot provide tax advice.

Thank you for taking the time to learn about using electronic Form 1023. We hope this helps prepare you for the process of completing and submitting an application for tax-exempt status.