

TaxNewsFlash

Exempt Organizations

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IRS annual revenue procedures for 2025

[Internal Revenue Bulletin 2025-1](#) provides six of the “annual revenue procedures” for 2025.

- Rev. Proc. 2025-1 - Letter rulings, information letters, and determination letters
- Rev. Proc. 2025-2 - Technical advice
- Rev. Proc. 2025-3 - Areas in which rulings will not be issued (domestic area)
- Rev. Proc. 2025-4 - Determination letters and letter rulings (tax-exempt and government entities, employee plans)
- Rev. Proc. 2025-5 - Determination letters (exempt organizations)
- Rev. Proc. 2025-7 - Areas in which rulings will not be issued (international area)

Changes affecting exempt organizations

The changes in this year's annual revenue procedures that may affect exempt organizations as follows:

- Rev. Proc. 2025-5, section 6.05(2), adds four additional types of organizations that are ineligible to apply for recognition of exemption under section 501(c)(3) using Form 1023-EZ, *Streamlined Application for Recognition of Exemption*:
 - Organizations previously denied exemption
 - Organizations previously determined to be ineligible to use Form 1023-EZ
 - Organizations conducting activities that involve controlled substances that are prohibited by federal law (regardless of legality under state law)
 - Organizations engaged in exchanging, creating, or distributing digital assets
- In addition, section 6.05(2) of Rev. Proc. 2025-5 provides that automatically revoked private foundations are ineligible to use Form 1023-EZ if they are seeking to convert to public charities. This is a change to prior years' revenue procedures, which provided that any automatically revoked organization was ineligible to use Form 1023-EZ if they were seeking a change in “foundation classification.”
- Rev. Proc. 2025-5, section 3.01(1), which permits certain section 501(c)(3) organizations to seek reclassification under a different paragraph of section 501(c), includes two clarifications:
 - An organization formerly recognized as described in section 501(c)(3) will continue to be treated as an applicable tax-exempt organization subject to section 4958 for a period of five

years after ceasing to be exempt as described in section 501(c)(3) unless it is a private foundation or a governmental unit or affiliate.

- Private foundations will not be recognized as described in a different paragraph of section 501(c) before terminating its private foundation status under section 507.
- User fees for private letter rulings (PLRs) and technical advice memoranda (TAMs), set forth in Rev. Proc. 2025-1, increase for requests submitted after February 1, 2025:
 - Fees for private letter ruling requests increase from \$38,000 to \$43,700.
 - Reduced fees for certain “small” organizations increase from \$3,000 to \$3,450 and from \$8,500 to \$9,775.
 - Most requests for 9100 relief (i.e., extensions of time to make certain elections) increase from \$12,600 to \$14,500.
 - Substantially identical requests increase from \$3,800 to \$4,370.

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