SC PTA Steps to Have your 501c3 Status Reinstated

Here are the steps for having your 501c3 status reinstated after it has been automatically revoked for failure to file your Form 990 tax returns for three consecutive years.

Streamlined Process (Retroactive Reinstatement Within 15 Months)

Check to see if you are eligible to use the streamlined process by determining if:

1) It's been less than 15 months since your 501c3 status was revoked. Go to the IRS' Tax Exempt Organization Search website, enter your EIN number, and click Search. Click on the link to your PTA unit name that appears. Note the date of revocation listed at the top of the resulting page.
2) Confirm that this is the first time your PTA unit has had its 501c3 status revoked. Previous revocations will be listed on the results page above.
3) Confirm that your unit was filing the 990N (postcard) or 990EZ prior to the revocation. The results page above will display links to the 990 forms filed for previous years and indicate the type of form filed.

If you are eligible to use the streamlined process, go to the IRS' Form 1023-EZ Streamlined Application website and follow the steps outlined to complete Form 1023-EZ. You will be instructed to create a Pay.gov account in order to remit the $275 reinstatement filing fee.

Detailed instructions for completing Form 1023-EZ can be found on the IRS' Instructions for Form 1023-EZ website.

The average processing time for reinstatement is 2-4 weeks.

Non-Streamlined Process (Retroactive Reinstatement after 15 Months)

Organizations that apply for reinstatement more than 15 months after the later of the date on the organization's revocation letter may have their tax-exempt status retroactively reinstated to the date of revocation if they:

Satisfy all of the requirements described under the "Retroactive reinstatement (within 15 months)" procedure EXCEPT that the reasonable cause statement the organization includes with its application must establish reasonable cause for its failure to file a required annual return for all three consecutive years in which it failed to file (instead of just for 1 of the 3 years).

The requirements for the retroactive reinstatement process are:

1. Complete and submit Form 1023 with the appropriate user fee.

2. Include with the application a statement establishing that the organization had reasonable cause for its failure to file a required annual return for all three consecutive years in which it failed to file.

3. Include with the application a statement confirming that it has filed required returns for those three years and for any other taxable years after such period and before the post-mark date of the application for which required returns were due and not filed.

4. File properly completed and executed paper annual returns for the three consecutive years that caused the revocation and any following years. The organization should write "Retroactive Reinstatement" on these returns and mail them to:

> Department of the Treasury
> Internal Revenue Service Center
> Ogden, UT 84201-0027

To complete Form 1023, go to the IRS' Form 1023 Application website and follow the steps outlined to complete the form. You will be instructed to create a Pay.gov account in order to remit the $600 reinstatement filing fee. Check the box on Schedule E for Section 6 when submitting Form 1023.

Detailed instructions for completing Form 1023 can be found on the IRS' Instructions for Form 1023 website.

There are lots of tips online about what to include in your reasonable cause statement to make sure the IRS accepts it. For 2019-2021, noting that the organization was shut down without access to the school building in which the financial records were stored is always compelling. For the subsequent years, noting that the organization was still not functioning since volunteers weren't allowed in the school, volunteers were unaware of the requirement to file taxes in years when the organization was non-operational, and that it took time to re-establish a PTA, identify and elect officers, etc. has also been effective for other units. Finally, including a statement about how you've put procedures in place to ensure that the requirement to file taxes is not lost in the transition between volunteer boards each year and that your officers have attended training has also been used successfully.