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IRS FY 2014 Data Book Reveals Dramatic Increase in Exempt Organization Approvals

Last week the Internal Revenue Service released its [Fiscal Year 2014 Data Book](#), reporting on IRS operations, enforcement, revenue collection and related activities during the period of October 1, 2013, through September 30, 2014, (the IRS fiscal year). The Data Book included a table on “Closures of Applications for Tax-Exempt Status, by Organization Type and Internal Revenue Code Section,” which revealed a marked increase in the total number of IRS approvals for organizations applying for recognition of exemption, and particularly those seeking exempt status under section 501(c)(3). The IRS noted the following:

The total number of approved applications for tax-exempt status increased from 44,274 in Fiscal Year (FY) 2013 to 110,656 in FY 2014. This increase is attributable to the introduction of a streamlined application process in FY 2014 for all determination applications and the implementation of the electronic Form 1023-EZ, a streamlined three-page version of the 26-page Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

Last July, we reported on the Internal Revenue Service’s release of the [new streamlined Form 1023-EZ application for recognition of exemption under Section 501\(c\)\(3\)](#). Given the newness of the Form 1023-EZ, the potential implications for new charities of using this streamlined form are still not settled. However, it appears that the form has accomplished at least one of the IRS’s stated goals: decreasing the extensive backlog in IRS review of exemption applications.

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Nonprofit Law Matters looks at legal issues in the nonprofit and tax-exempt organizations world. Written by the attorneys and paralegals of Adler & Colvin, it provides updates and analysis regarding philanthropy, charity, and other exempt organization issues.

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