Loss of Exemption Under Group Ruling Requires Full Re-Application

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If your organization has subordinates that are, or assume they are, reported as a part of your group Form 990, then you should be aware of recently issued IRS Technical Guidance. Under this Technical Guidance, if a subordinate is intentionally or inadvertently not listed on your group return for a period of three (3) years, the subordinate loses its exempt status and must file a new exemption application seeking tax-exempt status on its own. The de-listed subordinate cannot be reinstated simply by filing amended returns or by subsequent inclusion on the list of subordinates in the group. So, double-check that all subordinates are listed on group returns!