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When your organization is ready to apply for tax-exempt status, there are two applications available for tax exemption – Form 1023 or Form 1023-EZ.

- The original long form 1023 is 40 pages and requires detailed information about your organization.
- The shorter Form 1023-EZ is only three pages long and requires brief information about your organization. The caveat here are the restrictions on who can use this shorter form.

### **Here are 5 things you need to know about Form 1023-EZ.**

1. To determine if you are eligible, you must complete the Form 1023-EZ Eligibility Worksheet. The worksheet has 30 “yes or no” questions and if your organizations answer is “yes” to any of the questions, you are required to file the standard Form 1023.
2. Your annual gross receipts cannot exceed \$500,000 for the next three years.
3. Your total assets cannot exceed \$250,000 in fair market value.
4. Your organization must be registered as a corporation, unincorporated, association or trust. Entities formed as limited liability companies are not eligible to file the Form 1023-EZ.
5. Your organization cannot have donor advised funds.

To avoid jeopardizing the application, be sure that your organizing documents reflect the appropriate tax-exempt purpose of your organization, There are a few organization types that are not eligible to use the 1023-EZ including churches, schools, colleges, universities, hospitals, agricultural research organizations, health maintenance organizations or accountable care organizations.

It is always best to work with an experienced advisor to complete either the 1023 or the 1023EZ form. Their experience will help you determine which is best for your organization.

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