To amend the Internal Revenue Code of 1986 to provide for a right to an administrative appeal relating to adverse determinations of tax-exempt status of certain organizations.

1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Ensuring Tax Exempt Organizations the Right to Appeal Act”.

SEC. 2. ADMINISTRATIVE APPEAL RELATING TO ADVERSE DETERMINATIONS OF TAX-EXEMPT STATUS OF CERTAIN ORGANIZATIONS.

(a) IN GENERAL.—Section 7123 of the Internal Revenue Code of 1986 is amended by adding at the end of the following:

“(c) ADMINISTRATIVE APPEAL RELATING TO ADVERSE DETERMINATION OF TAX-EXEMPT STATUS OF CERTAIN ORGANIZATIONS.—

“(1) IN GENERAL.—The Secretary shall prescribe procedures under which an organization which claims to be described in section 501(c) may request an administrative appeal (including a conference relating to such appeal if requested by the organization) to the Internal Revenue Service Office of Appeals of an adverse determination described in paragraph (2).

“(2) ADVERSE DETERMINATIONS.—For purposes of paragraph (1), an adverse determination is described in this paragraph if such determination is adverse to an organization with respect to—

“(A) the initial qualification or continuing qualification of the organization as exempt from
tax under section 501(a) or as an organization described in section 170(c)(2),

“(B) the initial classification or continuing classification of the organization as a private foundation under section 509(a), or

“(C) the initial classification or continuing classification of the organization as a private operating foundation under section 4942(j)(3).”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to determinations made on or after May 19, 2014.

Passed the House of Representatives April 15, 2015.

Attest:

Clerk.
AN ACT

To amend the Internal Revenue Code of 1986 to provide for a right to an administrative appeal relating to adverse determinations of tax-exempt status of certain organizations.