same person or persons who controlled the transferor; and
(6) Whether the entire amount of the transferred assets were in turn transferred, before the close of the transferee’s taxable year following the taxable year in which the transferred assets were received, to one or more organizations described in section 507(b)(1)(A) none of which are controlled (directly or indirectly) by the same persons who control either the original transferor or transferee.

(f) Control. For purposes of section 504 and the regulations thereunder—
(1) The transferor will be presumed to control any organization with which it is affiliated within the meaning of § 56.4911–7(a), or would be if both organizations were described in section 501(c)(3), and
(2) The transferee will be treated as controlled (directly or indirectly) by the same person or persons who control the transferor if the transferee would be treated as controlled under § 53.4942(a)(3)(a)(3), for which purpose the transferor shall be treated as a private foundation.

[T.D. 8308, 55 FR 35592, Aug. 31, 1990]

§ 1.505(c)–1T Questions and answers relating to the notification requirement for recognition of exemption under paragraphs (9), (17) and (20) of Section 501(c) (temporary).

Q–1: What does section 505(c) of the Internal Revenue Code provide?
A–1: Section 505(c) provides that an organization will not be recognized as exempt under section 501(c)(9) as a voluntary employees’ beneficiary association, under section 501(c)(17) as a trust forming part of a plan providing for the payment of supplemental unemployment compensation benefits, or under section 501(c)(20) as a trust forming part of a qualified group legal services plan unless notification is given to the Internal Revenue Service. The notification required of a trust created pursuant to section 501(c)(20) and forming part of a qualified group legal services plan is set forth in Q&A–2. The notification required of an organization organized after July 18, 1984, and applying for exempt status as an organization described in section 501(c)(9) or (17) is set forth in Q&A–3 through Q&A–9. The notification required of an organization organized on or before July 18, 1984, and claiming exemption as an organization described in section 501(c)(9) or (17) is set forth in Q&A–10 through Q&A–11. However, an organization that has previously notified the Internal Revenue Service of its claim to exemption under section 501(c)(9), (17), or (20) or its claim to exemption under those sections pursuant to another provision of the Code, is not required, under section 505(c), to submit a renotification (See Q&A–2 and Q&A–12).

SECTION 501(C)(20) TRUSTS

Q–2: What is the notice required of a trust created pursuant to section 501(c)(20) and forming part of a qualified group legal services plan under section 120?
A–2: (a) A trust claiming exemption as an organization described in section 501(c)(20) will be recognized as exempt if the exclusive function of the trust is to form part of a qualified group legal services plan or plans. Exemption of the trust under section 501(c)(20) will generally be dependent upon and coextensive with recognition of the plan as a qualified group legal services plan. Therefore, a trust organized pursuant to section 501(c)(20) after July 18, 1984, need not file a separate notice with the Internal Revenue Service of its claim to exemption because the notice required by section 120(c)(4) will suffice for purposes of section 505(c), provided a copy of the trust instrument is filed with the Form 1024 submitted by the group legal services plan. If the trust instrument has not been filed with the Form 1024 submitted by the group legal services plan, the trust must comply with (and exemption will be dependent upon) the filing applicable to a trust organized on or before July 18, 1984. For the notice required and effective dates of exemption of a qualified group legal services plan under section 120, see § 1.120–3.
(b) A trust organized on or before July 18, 1984, that claims exempt status as a trust described in section 501(c)(20) and that forms part of a qualified group legal services plan which has been recognized as exempt under section 120, must file a copy of its trust instrument with the Internal Revenue Service before February 4, 1987. If a copy of the trust instrument is filed within the time provided, the trust’s exemption will be recognized retroactively to the date the qualified group legal services plan was recognized as exempt under section 120. However, if a copy of the trust instrument is filed after the time provided, exemption will be recognized only for the period after the copy of the trust instrument is filed with the Internal Revenue Service. See Q&A–7 for a further discussion of date of filing. A trust that has previously filed a copy of its trust instrument with the Service need not refile that document.

SECTION 501(C)(9) AND (17) ORGANIZATIONS ORGANIZED AFTER JULY 18, 1984

Q–3: What is the notice required of an organization or trust, organized after July 18,
A–5: An organization or trust that is organized after July 18, 1984, will not be treated as described in section 501(c) (9) or (17) of the Internal Revenue Code if the organization notifies the Internal Revenue Service that it is applying for recognition of exemption. In addition, unless the required notice is given in the manner and within the time prescribed by the regulations, an organization will not be treated as exempt for any period before the giving of the required notice. The notice is filed by submitting a properly completed and executed Form 1024, “Application for Recognition of Exemption Under Section 501(a) or for Determination Under Section 120” together with the additional information required under Q&A–4 and Q&A–5. The notice is filed with the district director for the key district in which the organization’s principal place of business or principal office is located.

A–7: If the required notice is filed within the time provided by these regulations, the organization’s exemption will be recognized retroactively to the date the organization was organized, provided its purpose, organization and operation (including compliance with the applicable nondiscrimination requirements) during the period prior to the date of the determination letter are in accordance with the applicable law. However, if the required notice is filed after the time provided by these regulations, exemption will be recognized only for the period after the application is filed with the Internal Revenue Service.
Revenue Service. The date of filing is the date of the United States postmark on the cover in which an exemption application is mailed or, if no postmark appears on the cover, the date the notice application is stamped as received by the Service. If an extension for filing the required notice has been granted to the organization, a notice filed on or before the last day specified in the extension will be considered timely and not the otherwise applicable date under Q&A–6.

Q–8: What is the effect on exemption of the filing of an incomplete notice?
A–8: Although a properly completed and executed Form 1024 together with the required additional information (See Q&A–4 and Q&A–5) must be submitted to satisfy the notice requirement of section 505(c), the failure to file, within the time specified, all of the information necessary to complete such notice will not alone be sufficient to deny recognition of exemption from the date of organization to the date the completed information is submitted to the Service. If the notice which is filed with the Service within the required time is substantially complete, and the organization supplies the necessary additional information requested by the Service within the additional time allowed, the original notice will be considered timely. However, if the notice is not substantially complete or the additional information is not provided within the additional time allowed, exemption will be recognized only from the date of filing of the additional information.

SECTION 501(C)(9) AND (17) ORGANIZATIONS ORGANIZED ON OR BEFORE JULY 18, 1984

Q–9: What is the notice required of an organization or trust organized on or before July 18, 1984, that claims exempt status as an organization described in section 501(c) (9) or (17)?
A–9: Section 505(c) provides a special rule for existing organizations and trusts organized on or before July 18, 1984. Such an organization or trust will not be treated as described in paragraphs (9) or (17) of section 501(c) unless the organization or trust notifies the Internal Revenue Service in the manner and within the time prescribed in these regulations that it is claiming exemption under the particular section. The type of notice, the manner for filing that notice, and the additional information required is the same as that set forth in Q&A–3 through Q&A–5 for new organizations.

Q–10: When must the required notice be filed by an organization or trust organized on or before July 18, 1984?
A–10: An organization or trust organized on or before July 18, 1984, that claims exempt status as an organization described in section 501(c) (9) or (17), must file the required notice before February 4, 1987. An extension of time for filing the required notice may be granted by the district director if the request is submitted before the due date of the notice and it is demonstrated that additional time is needed.

Q–11: What is the effective date of exemption for an organization or trust organized on or before July 18, 1984, that has submitted the required notice?
A–11: If the required notice is filed within the time provided by these regulations, the organization’s exemption will be recognized retroactively to the date the organization was organized, provided its purpose, organization and operation (including compliance with the applicable nondiscrimination requirements) during the period prior to the date of the determination letter are in accordance with the applicable law. If, on the other hand, the required notice is filed after the time provided by these regulations, exemption will be recognized only for the period after the notice is received by the Internal Revenue Service. See Q&A–7 for a further discussion of date of filing. See also Q&A–8 for the effect on exemption of a notice that has been timely filed but is incomplete.

EXCEPTIONS TO NOTICE REQUIREMENT

Q–12: Are any organizations or trusts claiming recognition of exemption as an organization described in section 501(c) (9) or (17) excepted from the notice requirement of section 505(c)?
A–12: An organization or trust that has previously notified the Internal Revenue Service of its claim to exemption by filing Form 1024 is not required, under section 505(c), to renotify the Service. Thus, an organization that has filed a Form 1024 that is pending with the Service need not refile that form. Also, an organization that has received a ruling or determination letter from the Service recognizing its exemption from taxation need not submit the notification required by section 505(c).

(T.D. 8073, 51 FR 4330, Feb. 4, 1986)

PRIVATE FOUNDATIONS

§ 1.507–1 General rule.

(a) In general. Except as provided in §1.507–2, the status of any organization as a private foundation shall be terminated only if:
(1) Such organization notifies the district director of its intent to accomplish such termination, or
(2)(i) With respect to such organization, there have been either willful repeated acts (or failures to act), or a willful and flagrant act (or failure to act), giving rise to liability for tax under chapter 42, and