

**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Part 1**

[REG-110948-14]

RIN 1545-BM06

**Guidelines for the Streamlined Process of Applying for Recognition of Section 501(c)(3) Status****AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing regulations that provide guidance to organizations that seek recognition of tax-exempt status under section 501(c)(3) of the Internal Revenue Code. The final and temporary regulations amend current regulations to allow the Commissioner of Internal Revenue to adopt a streamlined application process that certain organizations may use to apply for recognition of tax-exempt status under section 501(c)(3). The text of those temporary regulations also serves as the text of these proposed regulations.

**DATES:** Comments and requests for a public hearing must be received by September 30, 2014.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG-110948-14), Room 5205, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-110948-14), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC, or sent electronically via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS REG-110948-14).

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, James R. Martin or Robin Ehrenberg at (202) 317-5800; concerning submission of comments and request for hearing, Oluwafunmilayo Taylor at (202) 317-6901 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:****Background and Explanation of Provisions**

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the existing regulations under sections 501 and 508

to allow for an additional form of application to be used to satisfy the notice requirement under section 508(a). The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the amendments.

**Special Analyses**

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13563. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. It is hereby certified that this rule will not have a significant economic impact on a substantial number of small entities. Although this rule may affect a substantial number of small entities that choose to use the new form that streamlines the application process that eligible organizations may use to apply for recognition of tax-exempt status under section 501(c)(3), we intend for this rule to reduce the economic impact on small entities. This rule merely provides guidance about the streamlined form of application available to satisfy the notice requirement under Section 508(a). Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. Chapter 6) is not required.

**Comments and Requests for Public Hearing**

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the "Addresses" heading. The Treasury Department and the IRS request comments on all aspects of the proposed rules. All comments will be available at [www.regulations.gov](http://www.regulations.gov) or upon request.

A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

**Drafting Information**

The principal authors of these regulations are James R. Martin and Robin Ehrenberg, Office of Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS and the Treasury

Department participated in their development.

**List of Subjects in 26 CFR Part 1**

Income taxes, Nonprofit organizations, Foundations, Reporting and recordkeeping requirements.

**Proposed Amendments to the Regulations**

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

**PART 1—INCOME TAXES**

■ **Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

■ **Par. 2.** Section 1.501(a)-1 is amended by:

- 1. Revising paragraph (a)(2).
- 2. Revising paragraph (b)(1) and (3).
- 3. Adding paragraph (f).

The revisions and addition read as follows:

**§ 1.501(a)-1 Exemption from taxation.**

(a) \* \* \*

(2) [The text of the proposed amendment to § 1.501(a)-1(a)(2) is the same as the text for § 1.501(a)-1T(a)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(b)(1) [The text of the proposed amendment to § 1.501(a)-1(b)(1) is the same as the text for § 1.501(a)-1T(b)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(3) [The text of the proposed amendment to § 1.501(a)-1(b)(3) is the same as the text for § 1.501(a)-1T(b)(3) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(f) [The text of the proposed amendment to § 1.501(a)-1(f) is the same as the text for § 1.501(a)-1T(f) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

■ **Par. 3.** Section 1.501(c)(3)-1 is amended by:

- 1. Revising paragraphs (b)(1)(v) and (b)(6).
- 2. Adding paragraph (h).

The revisions and addition read as follows:

**§ 1.501(c)(3)-1 Organizations organized and operated for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals.**  
\* \* \* \* \*

(b) \* \* \* (1) \* \* \*

(v) [The text of proposed amendments to § 1.501(c)(3)-1(b)(1)(v) is the same as

the text for § 1.501(c)(3)–1T(b)(1)(v) published elsewhere in this issue of the **Federal Register**.

\* \* \* \* \*

(6) [The text of proposed amendments to § 1.501(c)(3)–1(b)(6) is the same as the text for § 1.501(c)(3)–1T(b)(6) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

(h) [The text of proposed amendments to § 1.501(c)(3)–1(h) is the same as the text for § 1.501(c)(3)–1T(h) published elsewhere in this issue of the **Federal Register**].

■ **Par. 4.** Section 1.508–1 is amended by:

- 1. Revising paragraphs (a)(2)(i) and (ii).
- 2. Revising paragraphs (b)(2)(iv) and (v).
- 3. Adding paragraph (c).

The revisions and addition read as follows:

**§ 1.508–1 Notices.**

(a) \* \* \*

(2)(i) [The text of proposed amendments to § 1.508–1(a)(2)(i) is the same as the text for § 1.508–1T(a)(2)(i) published elsewhere in this issue of the **Federal Register**].

(ii) [The text of proposed amendments to § 1.508–1(a)(2)(ii) is the same as the text for § 1.508–1T(a)(2)(ii) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

(b) \* \* \*

(2) \* \* \*

(iv) [The text of proposed amendments to § 1.508–1(b)(2)(iv) is the same as the text for § 1.508–1T(b)(2)(iv) published elsewhere in this issue of the **Federal Register**].

(v) [The text of proposed amendments to § 1.508–1(b)(2)(v) is the same as the text for § 1.508–1T(b)(2)(v) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

(c) [The text of proposed amendments to § 1.508–1(c) is the same as the text for § 1.508–1T(c) published elsewhere in this issue of the **Federal Register**].

**John Dalrymple,**

*Deputy Commissioner for Services and Enforcement.*

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**DEPARTMENT OF VETERANS AFFAIRS**

**38 CFR Part 38**

**RIN 2900–AO99**

**Reimbursement for Caskets and Urns for Burial of Unclaimed Remains in a National Cemetery**

**AGENCY:** Department of Veterans Affairs.  
**ACTION:** Proposed rule.

**SUMMARY:** The Department of Veterans Affairs National Cemetery Administration (NCA) proposes to amend its regulations to establish a new program to furnish caskets and urns for the interment of the remains of veterans with no known next-of-kin (NOK) where sufficient financial resources are not available for this purpose. This rulemaking is necessary to implement new statutory authority by establishing procedures to provide reimbursement for privately purchased caskets or urns and to otherwise administer the new program. This proposed rule would implement a portion of the Dignified Burial and Other Veterans’ Benefits Improvement Act of 2012 (the Act).

**DATES:** Comments must be received on or before August 1, 2014.

**ADDRESSES:** Written comments may be submitted through <http://www.Regulations.gov>; by mail or hand-delivery to: Director, Regulation Policy and Management (02REG), Department of Veterans Affairs, 810 Vermont Avenue NW., Room 1068, Washington, DC 20420; or by fax to (202) 273–9026 (this is not a toll free number). Comments should indicate that they are submitted in response to “RIN 2900–AO99—Reimbursements for Caskets and Urns for Burial of Unclaimed Remains in a National Cemetery.” Copies of comments received will be available for public inspection in the Office of Regulation Policy and Management, Room 1063B, between the hours of 8 a.m. and 4:30 p.m., Monday through Friday (except holidays). Please call (202) 461–4902 for an appointment. (This is not a toll free number.) In addition, during the comment period, comments may be viewed online through the Federal Docket Management System (FDMS) at <http://www.Regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** Cynthia Riddle, Office of Field Programs (41A), National Cemetery Administration (NCA), Department of Veterans Affairs, 810 Vermont Avenue NW., Washington, DC 20420. Telephone: (202) 461–6306 (this is not a toll-free number).

**SUPPLEMENTARY INFORMATION:** On January 10, 2013, Congress enacted the “Dignified Burial and Other Veterans’ Benefits Improvement Act of 2012” (the Act), Public Law 112–260, 126 Stat. 2417 (2013), section 101 of which amended 38 U.S.C. 2306 to authorize the Department of Veterans Affairs (VA) National Cemetery Administration (NCA) to furnish a casket or urn for interment in a VA national cemetery of the unclaimed remains of veterans for whom VA cannot identify a next of kin (NOK) and determines that sufficient financial resources for the furnishing of a casket or urn for burial are not available. VA proposes to add a new § 38.628 to part 38 of title 38 of the Code of Federal Regulations (CFR) to implement this new statutory authority by providing a monetary reimbursement for privately purchased caskets or urns that meet NCA standards and are used to inter the remains of such veterans in VA national cemeteries. On June 26, 2014, VA published a proposed rule which contained several errors. We are therefore publishing this corrected version of the proposed rule.

NCA is responsible for administering cemetery programs and memorial benefits, which include the provision of medallions, headstones, and markers, as well as burial in a VA national cemetery for eligible veterans and their family members. Section 2402 of title 38, United States Code, establishes eligibility requirements for burial in a VA national cemetery. For eligible veterans and certain family members, VA covers the cost of interment in a VA national cemetery and provides a headstone or marker (including inscription), as well as a gravesite or cremation niche and perpetual care of the gravesite or cremation niche. The Act authorizes VA to furnish a casket or urn for the burial in a national cemetery of the remains of a veteran with no known NOK and where sufficient financial resources are not otherwise available. Because VA’s burial operations do not normally include the acquisition or provision of a casket or an urn, VA is proposing to provide monetary reimbursement for a privately purchased casket or urn for the burial of any veterans whose remains are unclaimed when no NOK can be identified and it is determined that insufficient financial resources are available to pay for cost of the casket or urn. VA believes that monetary reimbursement is a more efficient means to administer this authority because direct provision of caskets and urns would create additional administrative duties and expenses, outside the scope