

# Applying for 501 (c)(3) Tax-Exempt Status

Another critical element in starting a not for profit medical clinic is applying for tax exempt status by completing and filing the IRS Form 1023, Application for Recognition of Exemption. This cannot be done until the organization has its state Certificate of Incorporation and its Employer Identification Number (EIN). Other governing documents will also need to be developed and submitted as attachments to the Form 1023. Along with the Form 1023 Instructions, Federal Publication 557, Tax Exempt Status for Your Organization, will be very helpful in completing the Form 1023.

Form 1023 is a lengthy, detailed document to complete, but the Business Plan your organization developed will be of great assistance. Once Form 1023 is filed, it may take several months to process. It may require submitting more information or clarifying information that has been received. Once the IRS approves the application, it will issue a letter of determination of tax exemption.

After you receive federal tax-exempt 501(c)(3) status, you will need to determine how to notify your state of the tax exemption so you may also be tax exempt in your state. There also may be local county and municipal notifications that need to be made.

Please remember to also file the Form 1023 checklist with the application, and mail. It is suggested that the package be sent with a return receipt requirement. Be sure to keep a copy of the completed application for your records.

You may also visit [www.irs.gov/charities-nonprofits/applying-for-tax-exempt-status](http://www.irs.gov/charities-nonprofits/applying-for-tax-exempt-status) for additional assistance.