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Congress of the United States
House of Representatives
COMMITTEE ON WAYS AND MEANS

WASHINGTON, DC 20515

SUBCOMMITTEE ON OVERSIGHT

March 1, 2012

Honorable Douglas H. Shulman
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Shulman:

On October 6, 2011, I wrote to you requesting information about the status of various IRS compliance efforts involving the tax-exempt sector and issues related to audits of tax-exempt organizations. While awaiting a complete response to that letter, I have since heard the IRS has been questioning new tax-exempt applicants, including grassroots political entities such as Tea Party groups, about their operations and donors. In addition to the unanswered questions from my October 6, 2011, letter, I have additional questions relating to the IRS' oversight of applications for tax exemption for new organizations.

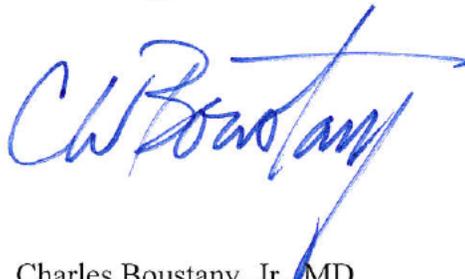
In particular, I am seeking additional information as it relates to the IRS review of new applications for section 501(c)(3) and (c)(4) tax-exempt status, including answers to the questions detailed below. Please provide your responses no later than March 15, 2012.

1. How many new tax-exempt organizations has the IRS recognized each year since 2008?
2. How many new applications for 501(c)(3) and (c)(4) tax-exempt status have been received by the IRS since 2008? Provide a breakdown by year and type of organization.
3. What is the IRS process for reviewing each tax-exempt status application? Is this process the same for entities applying for section 501(c)(3) and (c)(4) tax-exempt status? Please describe the process for both section 501(c)(3) and (c)(4) applications in detail.

4. Your preliminary response to my October 6, 2011, letter stated that, “if the application is substantially complete, the IRS may retain the application and request additional information as needed.” How does the IRS determine that an application for tax-exempt status is “substantially complete?” Please provide guidelines or any other materials used in this process.
5. Does the IRS have standard procedures or forms it uses to “request additional information as needed” from applicants seeking tax-exempt status? Please provide any forms and related materials used.
6. Does the IRS select applications for “follow-up” on an automated basis or is there an office or individual responsible for selecting incomplete applications? Please explain and provide details on any automated system used for these purposes. If decisions are made on an individual basis, please provide the guidelines and any related materials used.
7. How many tax-exempt applications since 2008 have been selected for “follow-up”? How many entities selected for follow-up were granted tax-exempt status?

Should you have any questions regarding this request, please contact [REDACTED] or [REDACTED] at (202) 225-5522.

Sincerely,



Charles Boustany, Jr., MD
Chairman