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114TH CONGRESS
1ST SESSION

S. 400

To amend the Internal Revenue Code of 1986 to provide notice to charities and other nonprofit organizations before their tax-exempt status is automatically revoked.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5, 2015

Mr. COATS (for himself and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to provide notice to charities and other nonprofit organizations before their tax-exempt status is automatically revoked.

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 ''Notice for Organizations That Include Charities is Essential (NOTICE) Act''.

SEC. 2. NOTICE REQUIRED BEFORE REVOCATION OF TAX EXEMPT STATUS FOR FAILURE TO FILE RETURN.

(a) IN GENERAL.—Section 6033(j) of the Internal Revenue Code of 1986 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) REQUIREMENT OF NOTICE.—

"(A) IN GENERAL.—Not later than 300 days after the date an organization described in paragraph (1) fails to file the annual return or notice referenced in paragraph (1) for 2 consecutive years, the Secretary shall notify the organization—

"(i) that the Internal Revenue Service has no record of such a return or notice from such organization for 2 consecutive years, and

"(ii) about the penalty that will occur under this subsection if the organization fails to file such a return or notice by the date of the next filing deadline.

The notification under the preceding sentence shall include information about how to comply

with the filing requirements under subsection (a)(1) and (i).''.

(b) REINSTATEMENT WITHOUT APPLICATION.—Paragraph (3) of section 6033(j) of such Code, as redesignated under subsection (a), is amended—

(1) by striking ''Any organization'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), any organization'', and

(2) by adding at the end the following new subparagraph:

''(B) RETROACTIVE REINSTATEMENT WITHOUT APPLICATION IF ACTUAL NOTICE NOT PROVIDED.—If an organization described in paragraph (1)—

''(i) demonstrates to the satisfaction of the Secretary that the organization did not receive the notice required under paragraph (2), and

''(ii) files an annual return or notice referenced in paragraph (1) for the current year,

then the Secretary may reinstate the organization's exempt status effective from the date of

the revocation under paragraph (1) without the need for an application.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to notices and returns required to be filed after December 31, 2014.

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