



*Thoroughbred Racehorse, Kentucky Derby,  
Cheryl Quigley*

# Foundation Relocation: IRS Confirms Advantages of Domestication

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~ Michael J. Wilson

When families with foundations relocate to Florida, they oftentimes want to relocate their foundations too. There are several different structures for accomplishing the relocation (i.e., change in state of domicile) of a foundation or other non-profit corporation. For a variety of reasons, the best structure is oftentimes a domestication, which is also sometimes referred to as a “conversion” in jurisdictions outside Florida.

In a recent ruling, the Internal Revenue Service confirmed some of the advantages to using a state law conversion, especially when compared to a merger. The ruling concludes that a non-profit corporation that changes its domicile from one state to another by undergoing a state law conversion does not need to file a new application for tax exemption (Form 1023) and can keep the same taxpayer identification number. These benefits would be obtained in Florida by undergoing a domestication. The ruling also confirmed that this treatment would not apply if a non-profit corporation changed its domicile by forming a new non-profit corporation in the new state and merging the non-profit corporation from the old state into the new non-profit corporation. In the case of a merger, the old non-profit corporation would cease to exist, and the new non-profit corporation would have to obtain a new taxpayer identification number and seek tax-exempt status by filing a new application (Form 1023).



## Mike is a Williams Parker shareholder.

He practices tax, corporate, and business law, handling sophisticated tax planning and tax controversy matters and advising clients on their most significant business transactions. He is an active member of many civic and legal organizations' boards. Mike earned his JD and MAcc from the University of Florida and he is certified by the Florida Bar as an expert in tax.

