

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, February 1, 2018

Department of Justice Announces Settlement with Z Street Over Improper IRS Treatment

The Department of Justice today announced that it has entered into a settlement with Z Street, a non-profit corporation dedicated to educating the public about various issues related to Israel and the Middle East, pending approval by the United States District Court for the District of Columbia. Z Street alleged that the Internal Revenue Service (IRS) applied heightened scrutiny to applications for tax-exempt status received from organizations connected in any way to Israel, and applied this policy to Z Street's application, resulting in delay. The settlement agreement includes an apology from the IRS to Z Street for the delayed processing of the group's application for tax-exempt status.

"Tax exemption eligibility should be based on whether an organization's activities fulfill requirements of the law, not a group's policy positions or the name chosen to reflect those views," said Principal Deputy Assistant Attorney General Zuckerman. "The attorneys at the Department of Justice work hard to ensure that all Americans receive equal treatment under the law. Today's settlement further illustrates this commitment."

This is the final settlement in a series of cases brought by groups alleging that their tax-exempt status was delayed by the IRS based on inappropriate criteria, including names and policy positions. The United States District Court for the District of Columbia recently approved settlement agreements in *Linchpins of Liberty v. United States* and *True the Vote v. IRS*. In *Norcal Tea Patriots v. IRS*, the United States agreed to a settlement in this class action lawsuit which is currently pending approval in the United States District Court for the Southern District of Ohio. In *Freedom Path v. IRS*, the United States entered into a settlement resolving a wrongful disclosure claim and dismissing other claims, including allegations of improper IRS targeting. A single regulatory challenge remains following the settlement. Freedom Path lost this challenge at the District Court and the issue is currently on appeal to the Fifth Circuit.

Announcement and quote from Attorney General Jeff Sessions in *Linchpins of Liberty v. United States* and *Norcal Tea Patriots v. IRS* can be found [here](#).

Attachment(s):

[Download Z Street Proposed Consent Order](#)

Topic(s):

Tax

Component(s):

[Tax Division](#)

Press Release Number: