



**DEPARTMENT OF THE TREASURY**

INTERNAL REVENUE SERVICE

1100 Commerce Street

Dallas, TX 75242

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

**Date: November 26, 2007**

Number: **200809036**

Release Date: 2/29/2008

UIL: 501.03-01

LEGEND

ORG = Organization name      Address = Address      XX = Date

**ORG  
Address**

**Person to Contact:  
Badge Number:  
Contact Telephone Number:  
EIN:  
Contact Address:  
Last Date for Filing Petition:  
February 25, 20XX**

**CERTIFIED MAIL and RETURN RECIEPT**

Dear                    :

This is a final revocation letter as to your exempt status under section 501(c) (3) of the Internal Revenue Code. Recognition of your exemption under Internal Revenue Code section 501(c) (3) is revoked beginning January 1, 20XX for the following reason(s):

You have not demonstrated that you primarily engage in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3) as required by Treas. Reg. section 1.501(c)(3)-1(c)(1).

Contributions to your organization are no longer deductible effective January 1, 20XX.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia before the (ninety-first) 91st day after the date that this determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment by referring to the enclosed Publication 892. You may write to the United States Tax Court at the following address: United States Tax Court 400 Second Street, NW Washington, DC 20217

You also have the right to contact the Office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call 1-877-777-4778, and ask for the Taxpayer Advocate assistance or you can contact the Advocate from the site where this issue was determined by writing to:

Taxpayer Advocate assistance cannot be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

As a result of this revocation of tax-exempt status, your organization is required to file Form 1120 annually with the appropriate Campus identified in the instructions.

This letter is a final revocation letter and should be kept within your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely,

Marsha Ramirez  
Director, EO Examinations

Enclosures:  
Publication 892

**Internal Revenue Service**

**Department of the Treasury**  
TE/GE Exempt Organizations Examinations  
915 Second Avenue M/S W540  
Seattle, Washington 98174

Date: January 22, 2007

ORG  
ADDRESS

Taxpayer Identification Number:

Form:  
990

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

**Certified Mail - Return Receipt Requested**

Dear

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez  
Director, Exempt Organizations

Enclosures:  
Publication 892  
Publication 3498  
Report of Examination

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
<b>Name of Taxpayer</b> <b>ORG</b>		<b>Year/Period Ended</b> December 31, 20XX

LEGEND

ORG = Organization name                      XX = Date      City = City                      XYZ = State  
 Director = director                      Accountant = accountant

**ISSUE:** Whether ORG qualifies for exemption under Section 501(c)(3) of the Internal Revenue Code.

**FACTS:** On April 21, 20XX, ORG was issued Letter 3606 with an Information Document Request from the Exempt Organization's Correspondence Unit located in City, XYZ. The letter stated that the organization's 20XX Form 990 was selected for examination. The organization did not file the 20XX Form 990. The letter requested the organization to respond in writing by providing a detailed description of its activities by May 22, 20XX.

On August 9, 20XX, an unsuccessful attempt was made to contact the organization's Director, by phone. On August 21, 20XX, a second unsuccessful attempt was made to contact Director by phone. On August 22, 20XX, Director was contacted by phone and he stated that he did not receive Letter 3606 issued to ORG on April 21, 20XX. Director requested that the letter be resent to his home address. Director stated that the organization previously engaged in down payment assistance during tax years 20XX or 20XX but has subsequently stopped. Director stated that he would contact his accountant to assist him in obtaining the requested information.

On August 23, 20XX, Director was issued a duplicate copy of Letter 3606 with an Information Document Request that was issued to the organization on April 21, 20XX. The letter was sent by certified mail to Director's home address. The organization was requested to respond in writing by September 22, 20XX.

On September 21, 20XX, Director provided a faxed response in which he stated that there were no down payment assistance activities during tax year 20XX. Director stated that the organization is no longer providing down payment assistance.

On October 13, 20XX, an unsuccessful attempt was made to contact Director directly by phone. On October 18, 20XX, a second unsuccessful attempt was made to contact Director directly by phone. On October 19, 20XX, Director was successfully contacted by phone. Director stated that he planned to voluntarily terminate the organization. The process to voluntarily terminate the organization was explained to Director.

On November 9, 20XX, Letter 3606 with an Information Document Request was issued to ORG by certified mail. The organization was requested to provide a copy of the Articles of Dissolution filed with the State of XYZ, a resolution signed by two officers indicating the date of dissolution, and any documents from the State of XYZ acknowledging the dissolution. The organization was also requested to provide a signed statement from an officer advising of the disposition of the organization's assets, and to provide the name of the Internal Revenue Code Section 501(c)(3) organization that the assets were distributed to. The organization was also

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requested to provide a signed 20XX Form 990 indicating that the return is the final return for the organization. The organization was requested to provide the information by December 9, 20XX.

On November 13, 20XX, Director provided a faxed response in which he stated that he wanted to further some of the activities of ORG Director stated that he contacted his, Accountant, to assist him in providing the requested information.

On December 7, 20XX, a faxed copy of Form 2848 "*Power of Attorney and Declaration of Representative*" was received from Accountant. Accountant requested a copy of Letter 3606 with the Information Document Request that was previously sent to Director on August 23, 20XX. Accountant stated he would provide a written explanation of the activities that ORG has been engaged in over the past five years. On December 8, 20XX, Letter 3606 with an Information Document Request was sent to Accountant. No response has been received from Accountant.

Exhibit A provides copies of the Internal Revenue Service correspondence requesting that ORG provide the requested information. ORG failed to respond to the Internal Revenue Service's correspondence.

**LAW:** Section 6001 of the Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

Section 6033(a)(1) of the Code provides, except as provided in Section 6033(a)(2), every organization exempt from tax under Section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Section 1.6001-1(a) of the regulations in conjunction with Section 1.6001-1(c) provides that every organization exempt from tax under Section 501(a) of the Code and subject to the tax imposed by Section 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such organization shall also keep such books and records as are required to substantiate the information required by Section 6033.

Section 1.6001-1(e) of the regulations states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or

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employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Section 1.6033-1(h)(2) of the regulations provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (Section 501 and the following), chapter 1 of the Code and Section 6033.

*Rev. Rul. 59-95, 1959-1 C.B. 627*, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of Section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

In accordance with the above cited provision of the Code and regulations under Sections 6001 and 6003, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax exempt status and to determine its liability for any unrelated business income tax.

**CONCLUSION:** It is the position of the Internal Revenue Service that the organization failed to meet the reporting requirements under Sections 6001 and 6033 to be recognized as exempt from federal income tax under 501(c)(3) of the Internal Revenue Code. Accordingly, the organization's exempt status is revoked effective January 1, 20XX.