



**DEPARTMENT OF THE TREASURY**

**INTERNAL REVENUE SERVICE**

**TE/GE: EO Examination**

**625 Fulton Street, Room 503**

**Brooklyn, NY 11201**

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

**Date: January 3, 2008**

Number: **200817044**

Release Date: 4/25/2008

UIL: 501.03-01

Legend:

ORG = Organization name      XX = Date      Address = address

**ORG  
Address**

**Taxpayer Identification Number:  
Identification Number  
Contact Telephone Number:**

**LAST DATE FOR FILING A PLEADING  
WITH THE TAX COURT, THE CLAIMS  
COURT, OR THE UNITED STATES  
DISTRICT COURT FOR THE DISTRICT  
OF COLUMBIA:**

Dear :

This is a final determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (IRC). Recognition of your exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(3) is retroactively revoked to June 1, 20XX because it is determined that you are not operated exclusively for an exempt purpose.

IRC 501(c)(3) exempts from taxation organizations which are organized and operated exclusively for charitable or educational purposes, no part of the net earnings of which inure to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation and which do not participate in, or intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office.

We have determined that you are not operating exclusively for charitable or educational purposes. Our examination reveals that you are not conducting charitable or educational activities pursuant IRC section 501(c)(3), and that you failed to meet the "operational test" under Treas. Regs. 1.501(c)(3)-1(d)(ii).

We are revoking your exemption from Federal income tax as an organization described

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

You are required to file Federal income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for all years beginning June 1, 20XX.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must file a pleading seeking a declaratory judgment in the United States Tax Court, the United States Court of Federal Claims, or the United States District Court for the District of Columbia before the 91<sup>st</sup> day after the date this final determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing pleadings for declaratory judgments and refer to the enclosed Publication 892. You may write to these courts at the following addresses:

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 too-free and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate.

We will notify the appropriate State Officials of this action, as required by section 6104(c) of the Internal Revenue Code.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely Yours,

Marsha A. Ramirez  
Director, EO Examinations

Enclosure:  
Publication 892

**Internal Revenue Service**

**Department of the Treasury**  
625 Fulton Street RM 521  
Brooklyn, NY 11201

Date:

ORG  
Address

Taxpayer Identification Number:

Form:

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, EO Examinations

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>EIN:</b>		<b>Year/Period Ended</b> May 31, 20XX May 31, 20XX

**Legend:**

ORG = Organization name      XX = Date

**ISSUE:**

The organization ORG was not engaged in any activities which would support its exempt purpose since its inception. Therefore its exempt status under IRC Section 501(c)(3) should be revoked.

**FACTS**

According to the organization's Certificate of Incorporation ORG was formed when this certificate was filed on June 29, 19XX. On October 3, 20XX you indicated to us that there were no records in the year ending May 31, 20XX due to the fact that the organization has been inactive since inception and did not have any bank records and/or receipts and disbursements since inception. On October 16, 20XX we received delinquent Forms 990-PF for the following years ended May 31, 20XX, May 31, 20XX and May 31, 20XX. On March 14, 20XX, we inquired as to when your organization would start up activities. At this time you advised us that there was no indication of when your organization would be able to start operations. On March 21, 20XX we went to your office to verify your statement made on October 3, 20XX. At this time we noted that there were no assets held in the organization's name and that there were no receipts or disbursements made in the examined years indicated above.

**LAW**

Section 1.501(c)(3)-1(a) of the Treasury Regulations describes organizations organized and operated for religious, charitable scientific testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals.

Section 1.6033-2(i)(2) of the Internal Tax Regulations provides, in part that every organization exempt from tax shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status.

Section 1.501(c)(3)-1(c)(1) of the Internal Tax Regulations describes the required operational test. An organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages in primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

**TAXPAYER'S POSITION**

You agreed with the findings of the examination on March 21, 20XX and signed Form 6018 agreeing to the revocation of IRC Section 501(c)(3) tax exempt status for ORG

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>EIN:</b>		<b>Year/Period Ended</b> May 31, 20XX May 31, 20XX

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**GOVERNMENT'S POSITION**

During our examination we noted that your organization has not “engaged” in any activities that would support an exempt purpose from its inception to the current year. Furthermore, you did not indicate a specific time whether or not your organization will start its operations. Also you did not indicate whether or not there were any programs your organization will be actively involved in. We believe by being inactive you have not complied with the operational test described in Section 1.501(c)(3)-1(c)(1) of the Internal Tax Regulations because it has not “operated exclusively” for one or more exempt purposes as described in Section 1.501(c)(3)-1(a) of the Treasury Regulations

In addition, your organization cannot comply with Section 1.6033-2(i)(2) of the Internal Tax Regulations because of the inability to produce records for the years examined.

**CONCLUSION**

Since your organization has not complied with the law cited above we believe your organization’s exempt status should be revoked. You agreed to this proposed revocation and signed Form 6018. Form 6018 has been enclosed with this letter.