



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

1100 Commerce Street

MS:4920:DAL

Dallas, TX 75242

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Release Number: **200844031**

Release Date: 10/31/08

Date: 7/29/08

Legend

ORG = Organization name

ORG

ADDRESS

UIL: 501.03-01

XX = Date Address = address

Person to Contact:

Identification Number:

Contact Telephone Number:

In Reply Refer to: TE/GE Review Staff

EIN:

LAST DATE FOR FILING A PETITION
WITH THE TAX COURT: _____

Certified Mail-Return Receipt Requested

Dear

This is a Final Adverse Determination revoking your exemption from federal income tax under section 501 (a) of the Internal Revenue Code (I.R.C.) as an organization described in I.R.C. section 501 (c)(3). Internal Revenue Service recognition of your status as an organization described in I.R.C. section 509 (a) is revoked, effective January 1, 20XX. Our adverse determination was made for the following reason(s):

Organizations described in Internal Revenue Code section 501 (c)(3) and exempt under section 501 (a) must be both organized and operated exclusively for exempt purposes. You have provided no information regarding your receipts, expenditures, or activities. You have not established that you have operated exclusively for exempt purposes.

Based upon the above, we are revoking your organization's exemption from federal income tax under section 501 (a) as an organization described in I.R.C. section 501 (c)(3), effective January 1, 20XX.

Contributions made to you are no longer deductible under section 170 of the Internal Revenue Code.

You are required to file Federal income tax returns on Form 1120 for all years beginning on or after January 1, 20XX. These returns should be filed with the appropriate Service Center for the year ending December 31, 20XX, and for all years thereafter.

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 Claim Court or the District

Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment. You may right to the Tax Court at the following address:

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.

The last day for filing a petition for declaratory judgment is _____.

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 and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate from the site where the tax deficiency was determined by calling or writing to: Internal Revenue Service, Taxpayer Advocates Office.

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax 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.

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:
Attachment to Final Letter

ORG
EIN:

LEGEND

ORG = Organization name XX = Date

Attachment to the Final Letter

You were recognized as exempt in April of 19XX. You have filed no returns, Forms 990, since April of 20XX. You have not responded to requests for financial information and information about your activities.

Internal Revenue Code section 501 (c) (3) provides that an organization described in that section must be both organized and operated for exempt purposes. Section 6001 of the Internal Revenue Code provides that every person liable for any tax must keep adequate records as the Secretary may from time to time prescribe. Section 6033 (a)(1) provides that every organization exempt from tax shall keep such records as the Secretary may from time to time prescribe.

Treasury Regulation section 1.6001-1(e) requires that books and records are to be kept at all times and made available for inspection by the Service so long as the contents are material to the administration of the internal revenue laws. Section 1.6033-1(h)(2) requires every organization that has been recognized as exempt, whether or not it is required to file a return, to submit information as may be required for the purpose of the Service's inquiry into its exempt status.

Revenue Ruling 59-95, 1059-1 C.B. 627, provides that the failure of an organization to provide requested information about its financial status and operations may result in revocation of its exempt status on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

Because you have not responded to our requests for information or otherwise provided information establishing that you are operated for exempt purposes, your status is revoked.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit 990-PF
Name of Taxpayer ORG		Year/Period Starting January 1, 20XX

LEGEND

ORG = Organization name XX = Date Director = director BM-1 = 1st board member

Issues:

1. Whether exempt organization qualifies for exemption under Section 501(c)(3) of the Internal Revenue Code.
2. The issue identified was failure to file Form 990-PF and to provide information to support their continued exempt status.

Facts:

1. Exhibit A provides copies of the Internal Revenue Service Correspondence requesting the ORG file Form 990-PF for all tax periods after December 31, 20XX. ORG failed to respond to the Internal Revenue Services correspondence or file the forms 990-PF for all tax periods after December 31, 20XX.
2. Revenue Agent tried to contact an officer or director of the organization and was unsuccessful. Revenue Agent called all the directors/Officers listed on the last state return filed 7/17/20XX but could not locate anyone.
3. Revenue Agent contacted an officer or Director at Address City, XYZ which was the same address listed on _____ for the state return. Director stated the she never heard of the organization and definitely was never and officer or a director of the organization.
4. Revenue Agent sent out a non-filer letter. Publication 1 and Notice 609 on July 7, 20XX, to BM-1 via certified mail to a recent address listed on Accurant.com Address City, XYZ. This letter was returned from the post office and stamped "Unclaimed City, XYZ." The post office must have left a certified mail slip at the address and nobody picked the letter up.
5. Revenue Agent sent out a non-filer letter, Publication 1, and Notice 609 on August 23, 20XX, to BM-1 via certified mail to the address listed on _____, Address City, XYZ. This letter was returned also, marked, "For reason Moved or Endorsement."
6. ORG was administratively dissolved by the State of XYZ on October 4, 20XX for failure to file the required annual report.

LAW and ANALYSIS:

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit 990-PF
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Section. 6001. NOTICE OR REGULATIONS REQUIRING RECORDS, STATEMENTS, AND SPECIAL RETURNS.

Every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Section 6033(a) ORGANIZATIONS REQUIRED TO FILE.

6033(a)(1) of the code provides, except as provided in section 6033(a)(2), every organization exempt from taxation 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 purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and shall 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 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 employees, and shall be retained so long as the contents thereof may become material in the administration of any internal revenue law.

Section 1.6033-2 of the regulations provides that every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status and administering the provisions of subchapter F (section 501 and following), chapter 1 of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code. See section 6001 and §1.6001-1 with respect to the authority of the district directors or directors of service centers to require such additional information and with respect to the books of accounts or records to be kept by such organizations.

Revenue Ruling 59-95, 1959-1 CB 627, concerns an exempt organization that was requested to produce a financial statement as of the end of the year and a statement of its operations during such year. However, its records were so incomplete that it was unable to furnish such statements. Section 6033 of the Internal Revenue Code of 1954 provides that every organization, except as provided therein, exempt from taxation under section

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501(a) of the Code shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and shall keep such records, render under oath such statements, make such other returns and comply with such rules and regulations as the Secretary of the Treasury or his delegate may from time to time prescribe. *Held*, failure or inability to file the required information return or otherwise to comply with the provision 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 an exempt status.

In accordance with the above cited provisions of the Code and regulations under section 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filling of a complete and accurate annual information return (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operating for the purpose for which it was granted tax exempt status and to determine its liability for any unrelated business income tax.

Conclusion:

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

Form 1120 returns should be filed for the tax periods ending December 31, 20XX, and all subsequent years.



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
7850 SW 6th Court, Room 306
Plantation, FL 33324

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