



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TE/GE EO EXAMINATIONS
1100 COMMERCE ST. MAIL STOP 4920 DAL
DALLAS, TEXAS 75242

501.03-00

Date: March 17, 2011

Release Number: **201123039**

Release Date: 6/10/2011

LEGEND

ORG = Organization name

XX = Date Address = address

Taxpayer Identification Number:

Person to Contact:

Employee Identification Number:

Contact Numbers:

ORG

ADDRESS

CERTIFIED MAIL

Dear

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the Code). Our favorable determination letter to you dated August 3, 20XX, is hereby revoked and you are no longer exempt under section 501(a) of the Code effective January 1, 20XX.

The revocation of your exempt status was made for the following reasons:

In our letters dated June 19, 20XX, June 29, 20XX, October 23, 20XX, and November 24, 20XX, we requested information necessary to conduct an examination of your Form 990 for the year ended December 31, 20XX. We have not received the requested information.

Section 1.6033-2(h)(2) of the Income Tax Regulations provides, in part, that every organization which is 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.

You have failed to provide documents to establish that you are organized and operated exclusively for exempt purposes within the meaning of Code section 501(c)(3) and that no part of your net earnings inure to the benefit of private shareholders or individuals.

Contributions to your organization are no longer deductible.

You are required to file income tax returns on Form 1120. Processing of income tax returns and assessments 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, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: United States Tax Court, the United States Court of Federal Claims, or the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed

before the 91st day after the date this determination was mailed to you if you wish to seek review of our determination. Please contact the clerk of the respective court for rules and the appropriate forms regarding filing petitions for declaratory judgment by referring to the enclosed Publication 892. Please note that the United States Tax Court is the only one of these courts where a declaratory judgment action can be pursued without the services of a lawyer. You may write to the courts at the following addresses:

You also 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 contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Nanette M. Downing
Director, EO Examinations

Enclosures:

Publication 892, *Exempt Organization Appeal Procedures for Unagreed Issues*
Form 6018, *Consent to Proposed Adverse Action*
Envelope



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
24000 Avila Road, MS 3000
Laguna Niguel, CA 92677

April 22, 2010

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,

Nanette M. Downing
Acting Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886-A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit 1
Name of Taxpayer ORG (EIN: EIN)		Year/Period Ended December 31, 20XX

LEGEND

ORG = Organization name XX = Date EIN = EIN Address = address

City = city State = state President = president Agent = agent

CO-1 = 1st COMPANY BM-1 & BM-2 = 1st & 2nd BM

Issue:

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

Facts:

ORG (EIN: EIN) was incorporated in the state of State on August 1, 20XX. The purpose of the organization is:

To help answer questions and refer people to treatment regarding drug and alcohol addictions.

On August 3, 20XX the organization was granted tax exempt status under Internal Revenue Code (IRC) § 501(c)(3) and described under IRC §§ 509(a)(1) and 170(b)(1)(A)(vi).

Since inception, the organization has not filed Form 990 *Return of Organization Exempt From Income Tax*.

On September 2, 20XX, a meeting was held with President and Revenue Agent. During the meeting, it was determined that the organization did not have all of the information requested in Information Document Request #1 readily available for the examination. It was agreed that the organization would send the remaining information to the revenue agent at Address, City, State. The information requested, but not provided during the meeting includes:

1. Minutes of meetings of officers, directors, trustees, and committees since inception.
2. Financial Records (i.e. general ledger, cash receipts and cash disbursements journals).
3. Bank statements and canceled checks, investment statements, credit card statements, and any store account statements for all active accounts for the year ending December 31, 20XX.
4. Completed interview questionnaire.
5. Detailed client call records for the period beginning January 1, 20XX and ending December 31, 20XX.

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On September 8, 20XX, the revenue agent received a call from BM-1 indicating that the documentation would be sent and postmarked by Friday, September 11, 20XX. This was confirmed by the organization on September 9, 20XX, when the revenue agent received a call from the organization. The revenue agent has not received any package from the organization to date.

Multiple attempts have been made to contact the organization by phone at PHONE on September 23, October 1, and October 5, 20XX. Messages were left each time, but no response has been received to date.

On October 23, 20XX, a letter was sent to the organization at Address, City, State. The letter that was issued has been returned as undeliverable. On July 9, 20XX, the organization indicated to the revenue agent that the above address is the organization's most current address and requested that the Internal Revenue Service update the records accordingly.

Shortly after the letter was returned, the revenue agent received a voicemail message from BM-2 on November 4, 20XX, requesting that the revenue agent contact the organization at PHONE. The revenue agent received a follow-up call from BM-2 on November 4, 20XX, requesting that she contact the organization at PHONE. Since BM-2 is not an authorized representative for ORG, the revenue agent was unable to discuss the matters of the organization with him. Furthermore, he did not leave a contact number where the revenue agent may reach him.

The revenue agent has made multiple attempts to contact the organization at PHONE. The revenue agent left a message on the voicemail on November 4, 20XX, but has not received any responses to date. The revenue agent also attempted to call the organization at but discovered that the number belonged to a real estate book business.

On November 24, 20XX, letters were sent via certified mail to the following addresses:

Address, City, State
Address, City, State
Address, City, State
Address, City, State

All the letters sent have been returned to sender.

On February 12, 20XX, a final attempt to call the organization at PHONE was made and a message from CO-1 stated the number has been disconnected.

Form 886-A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit 1
Name of Taxpayer ORG (EIN: EIN)		Year/Period Ended December 31, 20XX

On February 12, 20XX, Forms 4759 *Address Information Request – Postal Tracer* were sent to various Postmasters listing the organization’s last known addresses in order to obtain the organization’s current address. The postal tracers have been returned as Not Known at Address Given.

Law:

IRC § 6001 states 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. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not such person is liable for tax under this title. The only records which an employer shall be required to keep under this section in connection with charged tips shall be charge receipts, records necessary to comply with § 6053(c), and copies of statements furnished by employees under § 6053(a).

IRC § 6033(a)(1) states except as provided in paragraph (3), every organization exempt from taxation under § 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; except that, in the discretion of the Secretary, any organization described in § 401(a) may be relieved from stating in its return any information which is reported in returns filed by the employer which established such organization.

Treas. Reg. § 1.6001-1(a) states except as provided in paragraph (b) of this section, any person subject to tax under subtitle A of the Code (including a qualified State individual income tax which is treated pursuant to § 6361(a) as if it were imposed by chapter 1 of subtitle A), or any person required to file a return of information with respect to income, shall keep such permanent books of account or records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by such person in any return of such tax or information.

Treas. Reg. § 1.6001-1(c) states in addition to such permanent books and records as are required by paragraph (a) of this section with respect to the tax imposed by section 511 on unrelated business income of certain exempt organizations, every organization exempt from tax under § 501(a) shall keep such permanent books of account or records, including inventories, as are sufficient to show specifically the items of gross

Form 886-A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit 1
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income, receipts and disbursements. Such organizations shall also keep such books and records as are required to substantiate the information required by § 6033. See § 6033 and §§ 1.6033-1 through -3.

Treas. Reg. § 1.6001-1(e) states 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.

Treas. Reg. § 1.6033-2(a)(1) states except as provided in § 6033(a)(2) and paragraph (g) of this section, every organization exempt from taxation under § 501(a) shall file an annual information return specifically setting forth its items of gross income, gross receipts and disbursements, and such other information as may be prescribed in the instructions issued with respect to the return. Except as provided in paragraph (d) of this section, such return shall be filed annually regardless of whether such organization is chartered by, or affiliated or associated with, any central, parent, or other organization.

Treas. Reg. § 1.6033-2(i)(2) states 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, § 6033, and chapter 42 of subtitle D of the Code. See § 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.

Rev. Rul. 59-95 states an organization previously held exempt from Federal income tax 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 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.

Form 886-A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit 1
Name of Taxpayer ORG (EIN: EIN)		Year/Period Ended December 31, 20XX

Government's Position

In accordance with the above cited provisions of the Code and regulations under sections 6001 and 6033, 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 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.

ORG has failed to file Forms 990 and failed to provide documentation sufficient to determine whether it is operating for the purpose of which it was originally granted tax-exempt status. Numerous attempts have been made to contact the organization and to secure the required information; however, all attempts have failed. The organization appears to be purposefully avoiding contact with the Internal Revenue Service.

Therefore, since the organization is not in compliance with the requirements set forth under IRC §§ 6001 and 6033, the organization should no longer be granted tax-exempt status under IRC § 501(c)(3) and described under IRC §§ 509(a)(1) and 170(b)(1)(A)(vi).

Taxpayer's Position

The Taxpayer's position is unknown at this time.

Conclusion:

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.

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