

Internal Revenue Service
Appeals Office

Department of the Treasury
Taxpayer Identification
Number:

Release Number: **201247025**
Release Date: 11/23/2012
Date: August 28, 2012

Person to Contact:

Tel: ****
Fax: ****

Certified Mail

Tax Period(s) Ended:

UIL: 501.03-00

Dear

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the "Code"). It is determined that you do not qualify as exempt from Federal income tax under section 501(c)(3) of the Code effective January 1, 20XX.

The revocation of your exempt status was made for the following reason(s):

You have failed to provide documentation as required by section 6033(a)(1) of the Internal Revenue Code as well as section 1.6033-2(i)(2) of the Income Tax Regulations, which provides that whether or not an exempt organization is required to file an annual information return, it shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status

In addition, since you carry on no charitable activities, you fail the operational test under section 1.501(c)(3)-1(c) of the Income Tax Regulations.

Contributions to your organization are not deductible under section 170 of the Code.

You are required to file Federal income tax returns on Forms **** for the tax periods stated in the heading of this letter and for all tax years thereafter. File your return with the appropriate Internal Revenue Service Center per the instructions of the return. For further instructions, forms, and information please visit www.irs.gov.

If you were a private foundation as of the effective date of revocation, you are considered to be taxable private foundation until you terminate your private foundation status under section 507 of the Code. In addition to your income tax return, you must also continue to file Form 990-PF by the 15th Day of the fifth month after the end of your annual accounting period.

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 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: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date this determination letter was mailed to you. Please contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment. To secure a petition form from the United States Tax Court, write to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217. See also Publication 892.

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 matters that may not have been resolved through normal channels get prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this letter. You may call toll-free, 1-877-777-4778, for the Taxpayer Advocate or visit www.irs.gov/advocate for more information.

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

Sincerely Yours,

Acting Appeals Team Manager

Enclosure: Publication 892

Internal Revenue Service

Department of the Treasury

TE/GE Division
450 Golden Gate Avenue MS SF 7-4-01
San Francisco, California 94102-3412

Date: March 22, 2011

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 organization's exempt status is necessary.

If you do not agree with our position you may appeal your case. The enclosed Publication 3498, *The Examination Process*, explains 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.

If you request a conference, we will forward your written statement of protest to the Appeals Office and they will contact you. For your convenience, an envelope is enclosed.

If you and Appeals do not agree on some or all of the issues after your Appeals conference, or if you do not request an Appeals conference, you may file suit in United States Tax Court, the United States Court of Federal Claims, or United States District Court, after satisfying procedural and jurisdictional requirements as described in Publication 3498.

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

If you accept our findings, please sign and return the enclosed Form 6018, *Consent to Proposed Adverse Action*. We will then send you a final letter revoking your exempt status. If we do not hear from you within 30 days from the date of this letter, we will process your case on the basis of the recommendations shown in the report of examination and this letter will become final. In that event, you will be required to file Federal income tax returns for the tax period(s) shown above. File these returns with the Ogden Service Center within 60 days from the date of this letter, unless a request for an extension of time is granted. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

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:

Oakland Area Office
1301 Clay Street, Suite 1030N
Oakland, CA 94612-5210

(510) 637-2070

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
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG	Tax Identification Number EIN	Year/Period Ended Dec 31, 20XX

LEGEND

ORG - Organization name XX - Date EIN - EIN President - president

ISSUE:

Is ORG exempt from tax under Internal Revenue Code Section 501(c)(3)?

FACTS:

Internal Revenue Service records show that ORG was recognized as exempt under section 501(c)(3) of the Internal Revenue Code in August 20XX.

The Internal Revenue Service received Form 990 for the year ending December 31, 20XX from ORG on December 16, 20XX. The Internal Revenue service has no record of receiving any Forms 990 for any years since 20XX.

On March 1, 20XX, the Internal Revenue Service sent Letter 3611, Publication One and Form 4564, Information Document Request to ORG. The letter set an examination appointment for March 30, 20XX.

President, President of ORG, met with the Internal Revenue Service on June 9, 20XX. He was interviewed, but did not have any of the documents requested on March 1, 20XX.

On June 10, 20XX, the Internal Revenue Service sent another Form 4564, Information Document Request to ORG. The form asked ORG to have the requested documents available at the next appointment, set for July 19, 20XX.

President, President of ORG, met with the Internal Revenue Service on July 19, 20XX. He did not have any of the documents requested on June 10, 20XX.

On July 19, 20XX, the Internal Revenue Service sent another Form 4564, Information Document Request to ORG. The form asked ORG to mail the requested documents by August 9, 20XX.

On August 9, 20XX, the Internal Revenue Service received some of the documents requested: Bank statements and cancelled checks for 20XX, a copy of a loan note made to President, and records of some of his payments on the note.

On September 20, 20XX, the Internal Revenue Service sent another Form 4564, Information Document Request to ORG. The documents requested were for brokerage accounts, payments to a credit card and records of any additional payments made on the loan to President. The form asked ORG to mail the requested documents by October 12, 20XX.

On November 22, 20XX, the Internal Revenue Service sent another copy of the September 20, Document Request with the notation stating "Second copy of this request Please respond."

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On November 29, 20XX, the Internal Revenue Service sent a letter by certified mail to ORG noting that it had no record that the organization had filed Forms 990 for the years 20XX and 20XX and that the returns were past due. The letter asked that the organization file the returns with the examining agent within 90 days or explain why they were not due.

On January 5, 20XX, the Internal Revenue Service sent Letter 1477 by certified mail to ORG with copies of the last document request. Letter 1477 gives the organization 15 days to respond and noted that failure to respond would result in revocation.

The Internal Revenue Service has no record of receiving the past due returns or the documents requested by the last Form 4564, Information Document Request.

LAW:

Internal Revenue Code section 501(c)(3) provides for exemption from tax for "Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures 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 (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Internal Revenue Code section 6033(a)(1) provides that ' ... 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;..."

§1.6033-2(i)(2) of the Income Tax 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 I of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code."

Revenue Ruling 59-95, 1959-1 CB 627, held that, 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

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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.

GOVERNMENT'S POSITION:

Despite repeated requests, ORG has not responded to requests for information, has not tiled past due returns nor has it explained why returns for 20XX or 20XX might not be due. Because of its failure to observe the conditions for the continuation of an exempt status, its exempt status should be revoked as of January 1, 20XX.

TAXPAYER'S POSITION:

ORG has not submitted its position.

CONCLUSION:

Exemption under section 501(c)(3) of the Internal Revenue Code is revoked effective January 1, 20XX. The organization is required to file forms 1120, US Corporation Income Tax Returns, for 20XX and all subsequent years.