



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE
TE/GE: EO Examination
1100 Commerce St. - 4920 DAL
Dallas, TX 75242

501-03.00

Release Number: 201407025

Release Date: 2/14/2014

Date: October 14, 2009

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:

Dear _____ :

This is a Final Adverse Determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reasons:

Exemption from income tax is a matter of legislative grace and taxpayers have the burden of establishing their entitlement to exemptions. Section 6033 requires organizations exempt from tax to keep such records and render such statements as are required by such rules and regulations as the Secretary may prescribe. Treasury Regulations section 1.6033-2 (h)(2) requires organizations exempt from tax to submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into the organization's exempt status.

Despite numerous requests to you to provide information about your activities and information that you have properly dissolved, you have not provided this information. You have not provided the requested information to show that you operate for an exclusive exempt purpose.

Based upon the above, we are revoking your organization's exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code effective January 1,

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 the year ending December 31, , and for all years thereafter.

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.

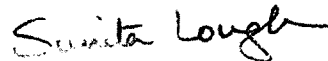
If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment.

You 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 Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate from the site where the tax deficiency was determined by calling (651) 312-7999 or writing to: Internal Revenue Service, Taxpayer Advocates Office, 316 North Robert Street, St. Paul, MN 55101. 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,



Sunita B. Lough,
Director, EO Examinations

Internal Revenue Service

Department of the Treasury
Internal Revenue Service
1100 Commerce Street
Dallas, Tx 75242

Date: July 29, 2009

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,

Sunita Lough
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		Year/Period Ended December 31, 20XX

LEGEND

ORG - Organization name XX - Date State - state President - president

ISSUE:

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

FACTS:

ORG(ORG) filed for exemption on October 12, 19XX. The organization received it approval for exempt status under Section 501(c)(3) of the Internal Revenue Code on December 2, 19XX.

The private foundation advance ruling period ended December 31, 19XX. On May 17, 19XX, it was determined the organization was classified under section 170(b)(1)(A)(vi) and would continued its tax exempt status under section 501(c)(3).

On July 7, 20XX, the Internal Revenue Agent sent a letter to the last known address of the officer listed on the Form 1023 requesting information on its activities, income and expenditures.

On July 25, 20XX, a response was received from President, President in the form of the following:

- the State of State Intent to Dissolve" filing form dated July 16, 20XX
- a one-page word document which stated how the assets were disbursed, however there was no substantiation provided (i.e. cancelled checks, letter from recipients, etc.)and in addition a
- Form 990 for 20XX12.

The information provided did not suffice the requirement to disclose how assets were distributed upon dissolution. In addition, it appears the ORG filed for dissolution with the State after the initial contact for examination.

On August 4, 20XX, the Internal Revenue Agent sent a letter to President requesting additional information regarding the dissolution of ORG.

On August 16, 20XX, a response was received from President with no additional information provided. He reported a breach of confidential information and expressed his concern that the IRS was wasting government's time and money in pursuing the examination of his organization.

On September 14, 20XX, the Internal Revenue Service sent a letter to President stating that "as of this date, we have not received the requested information". A request was made again for information regarding the dissolution of the organization. A second letter dated September 14, 20XX was sent to President requesting the completion of the Schedule A in its entirety.

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

On October 13, 20XX, a response was received from President with no additional information being provided regarding the dissolution. However, there was documents provided which stated "the organization does not have to file the Form 990 if gross receipts were normally \$ or less".

On January 22, 20XX, the Internal Revenue Agent sent a letter to President explaining the requirements for completing the Form 990 in its entirety. It furthered explained that the organization's gross receipts for 20XX were \$. As a result, the Form 990 should have been filed as required.

A second letter dated January 22, 20XX was sent to President requesting the organization to submit final verification from the State and any related documents regarding the dissolution of the organization.

On February 4, 20XX, a response was received from President with the following information:

- A reason was provided for not submitting the Form 990 timely. According to President, there was a letter from the IRS stating there were no filing requirements, if gross receipts were \$ or less requirement
- An explanation that the organization submitted a form and check to the State of State to dissolve organization. However, the State of State informed the organization to reactivate the organization and then dissolve it under a different section. According to President, the organization will need to decide if it makes sense to keep the organization active based on this information.

On April 13, 20XX, the Internal Revenue Agent made a final attempt to secure requested information regarding the dissolution. In addition, the organization was requested to submit if the organization was currently active. If so, then please submit documentation regarding the organization's exempt status.

There has been no response from the organization.

LAW:

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

Treas. Reg. Section 1.6001-1(a) in conjunction with Treas. Reg. Section 1.6001-1(c) provides that every organization exempt from tax under IRC Section 5019a) and subject to the tax imposed by IRC 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 books and records as are required to substantiate the information required by IRC Section 6013.

Treas. Reg., Section 1.6001-1(e) 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 as long as the

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contents thereof may be material in the administration of any internal revenue law.

Treas. Reg. Section 1.6033-1(h)(2) 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 IRC 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 comply with the provisions of IRC Section 6033 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 continuation of exempt status.

In accordance with the above cited provisions of the Code and regulations under IRC 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 (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

The organization has not provided the requested information on its activities to show that they are exempt activities or that the organization has properly dissolved.

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

Form 1120 returns should be filed for the tax periods ending on or after December 31, 20XX.