

Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities Division

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Date: December 22, 2014

Taxpayer identification number:

Form:

Tax year(s) ended:

Person to contact/ID number:

Contact numbers:

Telephone:

Fax:

Manager's name/ID number:

Manager's contact number:

Response due date:

**Certified Mail – Return Receipt Requested**

Dear

**Why you are receiving this letter**

Enclosed is a copy of our report of examination explaining why revocation of your organization's tax-exempt status is necessary.

**What you need to do if you agree**

If you agree with our findings, please sign the enclosed Form 6018-A, *Consent to Proposed Action*, and return it to the contact at the address listed above. We'll send you a final letter revoking your exempt status.

**If we don't hear from you**

If we don't hear from you within 30 calendar days from the date of this letter, we'll process your case based on the recommendations shown in the report of examination and this letter will become final.

**Effects of revocation**

Letter R (10-2012)  
Catalog Number 59432G

In the event of revocation, you'll be required to file federal income tax returns for the tax year(s) shown above. File these returns with the contact at the address listed above within 30 calendar 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.

**What you need to do if you disagree with our findings**

If you disagree with our position, you may request a meeting or telephone conference with the supervisor of the contact identified in the heading of this letter. You also may file a protest with the IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information, including a statement of the facts, the applicable law and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

If you and Appeals don't agree on some or all of the issues after your Appeals conference, or if you don't 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.

You may also request that we refer this matter for technical advice as explained in Publication 892. Please contact the person identified in the heading of this letter if you're considering requesting technical advice. If we send a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, then no further IRS administrative appeal will be available to you.

**Contacting the Taxpayer Advocate Office is a taxpayer right**

You have the right to contact the office of the Taxpayer Advocate Service (TAS). TAS is your voice at the IRS. This service helps taxpayers whose problems with the IRS are causing financial difficulties; who have tried but haven't been able to resolve their problems with the IRS; and those who believe an IRS system or procedure is not working as it should. If you believe you are eligible for TAS assistance, you can call the toll-free number 1-877-777-4778 or TTY/TDD 1-800-829-4059. For more information, go to [www.irs.gov/advocate](http://www.irs.gov/advocate). If you prefer, you may contact your local Taxpayer Advocate at:

**For additional information**

If you have any questions, please call the contact 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,

*JOR*

~~Stephen A. Mann~~  
Acting Director, EO Examinations

Enclosures:  
Report of Examination  
Form 6018-A  
Publication 892  
Publication 3498

Form <b>886-A</b> (Rev. January 1994)	<b>EXPLANATIONS OF ITEMS</b>	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended

**Issue(s):**

1. Whether continues to qualify for exemption under IRC Section 501(c)(6)?
2. Whether the Organization's exemption under IRC Section 501(a), an organization described in IRC Section 501(c)(6), should be revoked effective **January 1, 20XX.**

**Facts:**

(**Organization**) was granted exemption from federal income tax, under Section 501(c)(6) of the Internal Revenue Code, in Determination Letter dated December 9, 19XX.

The Organization was incorporated under the laws of the State of on June 28, 19XX. According to its Articles of Incorporation the purpose of the Organization is "To promote high standards of ethics and education among members relating to their official duties, to assist in developing social and professional unity of members, to provide helpful exchange of information."

The Organization's mission is to "Support and educate Notaries in the State of ," according to filed Form 990 for the year ending December 31, 20XX.

The Form 990 for 20XX shows the following Income and Expenses:

<b>Income</b>	
Contributions	
Program Service Revenue	
Total income	
<b>Expenses</b>	
Salaries, other compensation	
Other Expenses	
Total expenses	
<b>Net Loss</b>	

The Service mailed several letters for an appointment and an Information Document Request to the address on record and to officers' addresses, but no response was received. The telephone number on the Form 990 was not for the organization and belonged to another company.

While searching the Organization, we found out by a former Director, that the president of the Organization had passed away. She said that the President died in 20XX and his wife shortly after that. No other officers of the organization were alive according to her. The former Director also informed us that the business had been sold to a company in by the President's wife. She said that she was terminated in 20XX and had not come back to that organization.

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Research on the Organization showed in fact that the President passed away in 20XX. Further research on the Organization was done, but no additional information as found.

As of today, we have received as "Undeliverable" the letters we sent out to the Organization. And we have not received financials, organization information, meeting minutes, board of director lists, or any other documents requested on the Information Document Request, IDR #1.

**LAW:**

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

Section 6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax 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 purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and 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 1.6033-1(h)(2) of the regulations 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 provision of Subchapter F (section 501 and the following), chapter 1 of the code and section 6033.

IRC 501(c)(6) provides for exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues (whether or not administering a pension fund for football players), which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

IRC section 501(c)(6) provides for the exemption of business leagues and similar organization whose:

- a. Purpose is the promotion of the common business interest of its members,
- b. Net earnings do not inure to the benefit of any member,
- c. Purpose is not to engage in a regular business of a kind ordinarily carried on for profit,
- d. Principal activity is not the performance of particular services for individual persons.

Section 1.501(c)(6)-1 of the Income Tax Regulations states that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of

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trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization, whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league.

*Rev. Rul. 55-444* states that an organization formed to promote the business of a particular industry that carries out its purposes primarily by conducting a general advertising campaign to encourage the use of products and services of the industry as a whole is exempt from tax notwithstanding that such advertising to a minor extent constitutes the performance of particular services for its members.

*Revenue Ruling 56-84* states that an organization, operated primarily for the purpose of promoting, selling and handling the national advertising in its members' publications, is engaged in the performance of particular services for individual members as distinguished from activities for the improvement of the business conditions of its members as a whole and, therefore, is not entitled to exemption from Federal income tax as a business league.

*Revenue Ruling 67-77* states that an organization composed of dealers of a certain make of automobile, in a designated area, whose primary purpose is the financing of advertising campaigns for the sale of that make of automobile is performing particular services for its members and is not entitled to exemption from Federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code of 1954.

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 (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.

**Government's Position:**

We are proposing revocation of the Organization's exemption under IRC Section 501(c)(6) beginning January 1, 20XX because it is not operated for exempt purposes in accordance with the requirements set forth in Section 501(c)(6) of the Internal Revenue Code. The Organization is not described in IRC 501(c)(6) because it is not a business league, chamber of commerce, real estate board, or board of trade.

The Service position is that the Organization does not have exempt activity and that has failed the basic tests in order to be exempt under IRC 501(c)(6), as we have not been able to verify the

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organization's activities. We have not been able to verify its activities because the Organization has not responded to our letters and phone calls.

The Basic Tests the Organization must meet in order to be exempt under IRC 501(c)(6) are as follows:

- a. It must be an association of person having some common business interest, and its purpose must be to promote this common business interest.
- b. Is must not be organized for profit.
- c. It must be a membership organization and have a meaningful extent of membership support.
- d. No part of its net earnings may inure to the benefit of any private shareholder or individual.
- e. Its activities must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.
- f. Its purpose must not be to engage in a regular business of a kind ordinarily carried on for profit, even if the business is operated on a self-sustaining.
- g. It must be primarily engaged in activities or functions constituting the basis for its exemption.
- h. Its primary activity cannot be performing particular services for members.

**Taxpayer's Position:**

The Organization's position is unknown at this time.

**Conclusion:**

The Organization's tax exempt status should be revoked effective **January 1, 20XX**, because it is not operated for exempt purposes pursuant to the requirements set forth in Section 501(c)(6) of the Internal Revenue Code.

You have 30 days to provide us with a formal written response for the information written above. If the Service does not have the information within 30 days, the Service will have no other option than to proceed with the revocation.