



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

Release Number: 202319016
Release Date: 5/12/2023
UIL Code: 501.03-00

Date:
January 12, 2023
Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

**Last day to file petition with United States
Tax Court:**

April 12, 2023

CERTIFIED MAIL - Return Receipt Requested

Dear _____ :

Why we are sending you this letter

This is a final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), effective _____ . Your determination letter dated _____ , is revoked.

Our adverse determination as to your exempt status was made for the following reasons: You are not organized exclusively for one or more exempt purposes. Your articles of organization do not limit your purposes to one or more exempt purposes. Your articles of organization also expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities which themselves are not in furtherance of one or more exempt purposes. The purposes for which you were created are also broader than the purposes specified in Section 501(c)(3). In addition, your assets are not dedicated to an exempt purpose. Your articles of organization do not provide that upon dissolution your assets will be distributed for one or more exempt purposes, or to the Federal Government, or to a State or local government, for a public purpose, or that your assets will be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which you were organized. Your articles of organization also provide that your assets will be distributed to your members upon dissolution.

Organizations that are not exempt under IRC Section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms and information please visit [IRS.gov](https://www.irs.gov).

What you must do if you disagree with this determination

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment

If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at ustaxcourt.gov/dawson.html. You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

United States Tax Court
400 Second Street, NW
Washington, DC 20217
ustaxcourt.gov

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439
uscfc.uscourts.gov

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
dcd.uscourts.gov

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under IRC Section 7428.

Information about the IRS Taxpayer Advocate Service

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS, or you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Contact your local Taxpayer Advocate Office at:

Internal Revenue Service
Taxpayer Advocate Office

Or call TAS at 877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov. Do not send your federal court pleading to the TAS address listed above. Use the applicable federal court address provided earlier in the letter. Contacting TAS does not extend the time to file an action for declaratory judgment.

Where you can find more information

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

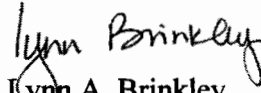
Find tax forms or publications by visiting IRS.gov/forms or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

You may fax your documents to the fax number shown above, using either a fax machine or online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.

Keep the original letter for your records.

Sincerely,



Lynn A. Brinkley

Acting Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892



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

Date:
April 4, 2022
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:
Name:
ID number:
Telephone:
Fax:
Address:

Manager's contact information:
Name:
ID number:
Telephone:
Response due date:
May 4, 2022

CERTIFIED MAIL – Return Receipt Requested

Dear _____ :

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right

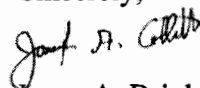
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

For additional information

You can get any of the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,



for

Lynn A. Brinkley
Acting Director, Exempt Organizations
Examinations

Enclosures:
Form 886-A
Form 6018

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended

ISSUE

If _____ continues to qualify for exemption under Section 501(c)(3) of the Internal Revenue Code considering that their Articles of Incorporation state upon dissolution any remaining assets will be distributed to members, and they do not intend to amend it?

FACTS

- The _____ was organized under _____ State law in _____.
- On _____ received tax exemption as a Public Charity under 509(a)(2) within the meaning of Internal Revenue Code 501(c)(3) from the date of _____.
- Per their organizing documents, the _____ purposes are
 - To stimulate activity for the promotion of _____ registered in the _____ within the states of _____, _____, _____, and _____
 - Encourage regional club and national association membership
 - Provide a strong representative voice for _____ at a national level
 - Provide a committee for the _____
 - Disseminate information rule changes and promotional ideas for the national level to _____ members
- The _____ accomplishes their primary purposes by coordinating _____ shows across all _____ states and awarding an annual scholarship to candidates in every state.
- Per their organizing documents, the assets of the _____ upon dissolution the Board of Directors shall _____
 “after paying or making provisions for the payment of all the liabilities of the corporation, disperse all the assets of the corporation to each _____ in good standing based on the number representatives.”
- During the examination, the Revenue Agent discussed the dissolution clause with the _____ and explained the need for an amendment of said clause such that it meets Internal Revenue Code Section 501(c)(3) criteria.
- The _____ filed all required _____ returns.

LAW

Internal Revenue Code Section 501(c)(3) provides for exemption from Income 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 the 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.

Treasury Regulations (Treas. Regs.) 1.501(c)(3)-1(a) states that in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended

Treas. Regs. 1.501(c)(3)-1(b)(4) explains that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution, such assets would, by reason of a provision in the organization's articles or by operation of law, be distributed for one or more exempt purposes, or to the Federal Government, or to a State or local government, for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which the dissolved organization was organized. However, an organization does not meet the organizational test if its articles or the law of the State in which it was created provide that its assets would, upon dissolution, be distributed to its members or shareholders.

TAXPAYER'S POSITION

The taxpayer has not provided their position at this time; however, they have stated during the examination that they will reapply for a new subsection at a future date.

GOVERNMENT'S POSITION

The _____ filed their Articles of Incorporation with the Secretary of State of the State of _____ on _____. In their Articles of Incorporation, they state the following under Article 7; "The assets of the corporation will be distributed on dissolution as follows: Upon dissolution of the corporation, the Board of Directors shall, after paying or making provisions of the payment of all the liabilities of the corporation, disperse all the assets of the corporation to each _____ in good standing based on the number of representatives. Dissolution of this corporation shall require not less than _____ of the members' written consent and shall be in compliance with the laws of incorporation in the state of _____."

The dissolution clause expressly states that any net assets upon the dissolution of the _____ shall be distributed to member clubs.

The _____ received tax exemption as a Public Charity under 509(a)(2) within the meaning of Internal Revenue Code 501(c)(3) from the date of _____. The Revenue Agent was assigned the _____ for audit on _____. During the examination, the _____ provided their Articles of Incorporation and stated that no further amendments were made to the organizing documents.

Treas. Regs 1.501(c)(3)-1(b)(4) explains that "an organization does not meet the organizational test if its articles or the law of the State in which it was created provide that its assets would, upon dissolution, be distributed to its members or shareholders." Further, **Treas. Regs. 1.501(c)(3)-1(a)** states that if an organization does not meet the organizational test or the operational test, it is not exempt. Following the two preceding Treasury Regulations, the _____ is not exempt under Internal Revenue Section 501(c)(3) and should be revoked.

CONCLUSION

The _____ should be revoked as a tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code because they are not exclusively organized for exempt purposes.

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended

The effective date of revocation is .