



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

Date:  
04/25/2024  
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202429022  
Release Date: 7/19/2024  
UIL Code: 501.06-00

Dear \_\_\_\_\_ :

This letter is our 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)(6). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit [www.irs.gov](http://www.irs.gov).

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
Letter 437  
Redacted Letter 4034  
Redacted Letter 4038



Department of the Treasury  
Internal Revenue Service

Date: January 22, 2024

Employer ID number:

Person to contact:

**Legend:**

W = State

X = Date

Y = Name

Z = Date

**UIL: 501.06-00**

Dear \_\_\_\_\_ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(6). This letter explains the reasons for our conclusion. Please keep it for your records.

**Issues**

Do you qualify for exemption under IRC Section 501(c)(6)? No, for the reasons stated below.

**Facts**

You formed as a non-profit corporation in W on X under the name Y. According to your Articles of Incorporation, your purpose is to operate as "a professional business association dedicated to business referrals among members." On Z you filed Articles of Amendment changing your name to your current name.

Your Bylaws indicate you are "an organization of business professionals dedicated to the advancement of their respective careers through the exchange of information and the interchange of business/professional contacts". Your goal is to expand the business leads of the community at large. You define a "lead" as a referral between two members which may result in a business contact.

Your Bylaws provide that your membership shall be made up of occupations determined by your Board of Directors and that each occupation shall be represented by one member.

Your members meet once a week to network. Each member who is present provides a \_\_\_\_\_ commercial about themselves and their company services. You select \_\_\_\_\_ members to speak for \_\_\_\_\_ about themselves, their business and current goals. Finally, a roundtable discussion takes place relating to the activities of the members. During this time, you thank each other for the business growth opportunities you

experienced that week due to the contacts or referrals being shared. By doing this, members can refer their customers to other members. You also host larger networking events for members and non-members to times annually.

You state that these activities further the common interest of your membership, which is dedicated to the advancement of their respective careers through the exchange of information and business contacts.

Your website lists the benefits of your membership which includes lead developments, building relationships and alliances that are beneficial to every member. Your website has a listing of all your members, their type of business and their contact information.

### **Law**

IRC Section 501(c)(6) provides exemption from Federal income tax for business leagues not organized for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(6)-1 states that a business league is an association of persons having some common business interests, the purpose of which is to promote such common interest and not to engage in a regular business other kind ordinarily carried on for profit. The Regulations further state that the activities of a business league should be directed to the improvement of business conditions in one or more lines the business as distinguished from the performance of particular services for individual members. An organization whose purposes 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.

In Revenue Ruling 61-170, 1961-2 C. B. exemption under IRC Section 501(c)(6) was denied to organizations which maintain employment register for its members. The Ruling concluded that assisting the members to obtain employment was particular services for the individual persons as opposed to improvement other general business conditions of the profession.

Rev. Rul. 68-264, 1968-1 C.B. 264 defines a particular service for the purposes of IRC Section 501(c)(6) as being an activity that serves as a convenience or economy to the members of the organization in the operation of their businesses.

In Rev. Rul. 73-411, 1973-2 C.B. 180, exemption under IRC Section 501(c)(6) was denied to a shopping center merchants' association whose membership is restricted to and required to the tenant of a one-owner shopping center and their common lessor, and whose activities are directed to promoting the general business interests of its members.

In American Automobile Association v. Commissioner, 19 T.C. 1146 (1953), a national association of individual auto owners and affiliated auto clubs, did not qualify as a business league because the Association's principal activities consisted of securing benefits and performing particular services for members.

### **Application of law**

You are not described in Treas. Reg. Section 1.501(c)(6)-1 because the facts show you are not formed to promote the common business interests of a particular industry or trade, but rather you promote your members' specific businesses interests. You also only allow one member for each type of business. You engage in a regular business

of the kind ordinarily carried on for profit in that you provide network/advertising services that would otherwise be necessary for each individual member to conduct on their own or through another entity.

You are similar to the organizations in Rev. Rul. 61-170 and Rev. Rul. 68-264 since you are dedicated to the advancement of your members' respective careers through the exchange of information and business contacts. By doing this, you are providing particular services to your members.

You are similar to Rev. Rul. 73-411 since you limit your membership to one member for each type of business. You do not have a common business interest of a particular industry as a whole, which is required under IRC Section 501(c)(6).

The court in American Automobile Association v. Commissioner held that an organization that provides particular services to members is not exempt under IRC Section 501(c)(6). You are similar to the organization described in this court case since your sole purpose is to provide networking/advertising services to your members.

### **Conclusion**

Your purpose is to provide a service to your members. Your members do not share a common business interest and you are not promoting the common business interests of a particular industry. Therefore, we conclude you are not exempt under IRC Section 501(c)(6).

### **If you agree**

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

### **If you don't agree**

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

**For an officer, director, trustee, or other official who is authorized to sign for the organization:**

Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

**Where to send your protest**

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service  
EO Determinations Quality Assurance  
Mail Stop 6403  
PO Box 2508  
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service  
EO Determinations Quality Assurance  
550 Main Street, Mail Stop 6403  
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at [www.irs.gov/forms-pubs](http://www.irs.gov/forms-pubs) or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

**Contacting the Taxpayer Advocate Service**

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 if 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](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements