

Date: 18 JUL 1985

CERTIFIED MAILEmployer Identification Number:
[REDACTED]

Form Number:

1120

Tax Years:

October 31, 1982 and following
Key District:

Newark

Person to Contact:
[REDACTED]Contact Telephone Number:
[REDACTED]

Dear Sir or Madam:

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 reason(s):

Your activities with respect to the sale and restoration of the [REDACTED] further private interests. Part of your earnings inure to the benefit of private individuals. You are not, therefore organized and operated exclusively for exempt purposes within the meaning of Internal Revenue Code Section 501(c)(3).

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

You are required to file Federal income tax returns on the form indicated above. Based on the financial information you furnished, it appears that returns should be filed for the above years. You should file these returns with your key District Director, EP/EO Division, within 30 days from the date of this letter, unless a request for an extension of time is granted. Processing of income tax returns and assessment of any taxes due will not be delayed because you have filed a petition for declaratory judgment under Code section 7428. You should file returns for later tax years with the appropriate service center shown in the instructions for those returns.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United States Court of Claims, or the district court of the United States for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment.

(over)

We will notify the appropriate State officials of this action, as required by Code section 6104(c).

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

Sincerely yours,



Associate Chief,
Appeals Office

cc: 

Internal Revenue Service

Department of the Treasury
P.O. Box 13163, Rm. 643, Baltimore, MD 21203

DENIAL

District
Director

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

Certified Mail

MAR 20 1984

Gentlemen:

We have considered your application for exemption from Federal income tax under the provisions of Section 501(a) and as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Section 501(c)(3) of the Code exempts organizations "... organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, ... no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Income Tax Regulations 1.501(c)(3)-1(d)(1)(ii) indicate that in order to meet the operational test, an organization must be engaged in activities furthering "public" purposes, rather than private interests. It must not be operated for the benefit of designated individuals or persons who created it.

In your organization's case, the [redacted] is substantially renovating a house which is owned by two of its officers and trustees. The use of the funds of the organization to make improvements to the private property of persons who created it is inurement. Since the preservation of the [redacted] is the primary purpose of the organization we must conclude that the [redacted] was formed for private benefit. Accordingly, it is held that you are not exempt from Federal income tax under section 501(c)(3) of the Code.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the

District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service. In that event we will notify the appropriate State officials, as required by section 6104(c) of the Code, that based on the information we have available, we are unable to recognize you as an organization described in Code section 501(c)(3).

Publication 892 accompanies this letter and describes your appeal rights fully, should you decide to appeal this ruling. If we do not hear from you within thirty days this will become our final determination on the matter.

You are required to file Federal income tax returns on Form 1120 (or other appropriate form) within two and one-half months following the end of your annual accounting period.

Sincerely yours,


District Director

Enclosure:
Publication 892