

[REDACTED]

[REDACTED]

[REDACTED]

21 1987

CERTIFIED MAIL

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code and have determined that you do not qualify for exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

The information submitted shows that you were incorporated [REDACTED] in [REDACTED]; (a) to maintain a fund for advertising and promoting stores in the [REDACTED], and; (b) to contribute to approved charitable organizations.

The Landlord or agent, and any person, firm, partnership or corporation who is a tenant of the [REDACTED] shall be eligible for membership in this association.

Your income is derived from gross dues and assessments of members. Your expenses include advertising, supplies, legal and accounting and insurance.

Section 501(c)(6) of the Internal Revenue Code provides exemption for business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

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. 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 service for individual persons.

Revenue Ruling 64-315, Cumulative Bulletin 1964-2, page 147 deals with an association of merchants whose business consists of

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
Date	01/03/87	01/07/87	1/8/87	1/21/87			

-2-

shopping center which expends its funds and engages exclusively in advertising in various newspapers and on television and radio in order to attract customers to the shopping center. This advertising contains the names of member merchants and their merchandise. Held, the organization is not entitled to exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code.

Revenue Ruling 73-411, 1973-2 C.B. 186 discusses the characteristics of organizations exempt under 501(c)(6), stating that an organization seeking exemption under this section as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interests of all of the commercial enterprises in a given trade community comprising a broad segment of the public, such as a city or similar geographical or political area. A business league or trade association is similar to a chamber of commerce, but serves the common business interests of those in a single line of business, or of closely related lines of business. In either case, membership is voluntary, and open to all businessmen in the community, in the case of a chamber of commerce or board of trade, or to all in the line or lines of business sharing the common business interest in the case of a business league. Benefits are not limited to the membership.

Revenue Ruling 73-411, supra, considered the qualification for exemption under Section 501(c)(6) of a shopping center merchants' association. The association's membership was restricted to and required of the merchants who were tenants of a particular shopping center, and the shopping center owner. Its activities included the maintenance and policing of shopping areas, walkways and parking areas, and arranging, conducting and publicizing seasonal and other promotional affairs designed to stimulate the overall volume of trade in the center. It was held that, since the organization was composed of owners of various types of businesses (not a line of business), and yet was a closed, non-public aggregation of commercial enterprises not representative of the community, the organization did not qualify as a board of trade, a chamber of commerce, or a business league. It was further held the organization served only the economic interests of its members, rather than the common business interests of a community or an industry. The organization was thus not qualified for exemption.

Based on the data you have submitted and on the Internal Revenue Code, Income Tax Regulations, and Revenue Rulings as cited in this letter, it is therefore concluded that you do not qualify for tax exempt status as an organization described in Section 501(c)(6) of the Internal Revenue Code. It has also been determined that you do not qualify for tax exempt status under any other Section of the Code.

[REDACTED]

You are required to file Federal income tax returns on Form 1120. All past due returns should be filed with this office within 90 days from the date of this letter, unless a request for an extension of time is granted. File returns for later years with the appropriate service center indicated in the instructions for those returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of this letter, this determination will become final.

Sincerely yours

[REDACTED]
District Director

Enclosure: Publication 892

[REDACTED]