

Internal Revenue Service  
District Director

Department of the Treasury

Person to Contact:

Telephone Number:

Refer Reply to:

EIN:

Date: APR 06 1992

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code of 1986.

We also have considered your exemption from Federal income tax as an organization described in section 501(c)(4) of the Code.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

According to your Articles of Incorporation, your specific and primary purposes are:

to promote and publicize a shopping center known as [REDACTED] and its place and status in [REDACTED] County, to promote and encourage civic functions, social and cultural events, as well as benefit its members and the community, to establish cooperative advertising, to conduct promotional events for the shopping center and other publicity programs for the tenant members of [REDACTED], to encourage the maintenance of high standards of business, a spirit of cooperation among its members, the coordination of store hours and to otherwise compile and distribute business information to its members for their mutual benefit.

Information submitted indicates that your purpose is to promote customer traffic and to increase sales for the shopping center as a whole while distinguishing it from other centers through promotion events and advertising.

Your promotion activities include seasonal activities such as Santa Photo Sets, Easter Bunny Photo Sets, Gift with Purchase sales incentives for your customers during Mother's Day, Father's Day and Back-to-School season. At least twice a year, the merchants sponsor seasonal sidewalk sales and throughout the year you host traffic-building promotional shows such as Baseball Card Shows, Antique Shows, Bridal and Job Faires, Theme Photo Displays and Home Improvement and Fine Art Shows.

Section 501(c) of the Code describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

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

"(4) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes."

The Federal Income Tax Regulations define a business league as an association of persons (the term "persons" includes legal entities such as trusts and corporations) having a common business interest, whose purpose is to promote that common business interest and not to engage in regular business of a kind ordinarily carried on for profit. Its activities must be directed to the improvement of business conditions of one or more lines of business rather than the performance of particular services for individual persons.

The Regulations describe the promotion of social welfare as promoting in some way the common good and general welfare of the people of the community, such as bringing about civic betterment and social improvements.


Revenue Ruling 64-315, 1964-2 C.B. 147, discusses an association of merchants whose businesses constitute a shopping center, which expends its funds for and engages exclusively in advertising in various newspapers and on television and radio in order attract customers to the shopping center. This advertising contains the names of member merchants and their merchandise. The organization described is not entitled to exemption from Federal income tax as an organization described in section 501(c)(6) of the Code.

In Revenue Ruling 73-411, 1973-2 C.B. 180, a shopping center merchants' association whose membership is restricted to and required of the tenants of a one-owner shopping center and their common lessor, and whose activities are directed to promoting the general business interests of its members, does not qualify as a business league or chamber of commerce.

Your organization's purpose and primary activities are to promote customer traffic and to increase sales for the tenants of [REDACTED] by promotional events and advertising. Your activities are directed to the performance of services and benefits for the tenants of [REDACTED]. Although some of your promotional activities promote social welfare, such as Chamber of Commerce education day, Environmental Fair, water awareness exhibits, local school and community displays, Girl Scout Days, YMCA gymnastic exhibitions, and Cholesterol Screenings, these activities are incidental to your promotional purpose and activities.

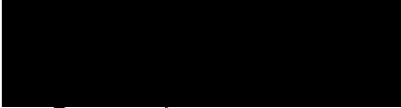
Since your organization's activities constitute the performance of particular services for individual persons rather than the improvement of business conditions of one or more lines of business, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6). Also, you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(4) of the Code since you are not operating exclusively for the promotion of social welfare within the meaning of that Code section.

You agreed to this determination by signing Form 6018, Consent to Proposed Adverse Action, on [REDACTED].

  
Accordingly, you are required to file income tax returns annually with your District Director.

Contributions made to you are not deductible as charitable contributions as defined in section 170(c) of the Code.

Sincerely yours,

  
District Director