[redacted]

[redacted]

JAN 1 8 1991

Dear Applicant:

We have completed your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

The information you submitted discloses that you were incorporated on [redacted], under the [redacted] Non-Profit Corporation Act. Your purpose is to obtain home protection security service for homeowners in [redacted]; and [redacted] subdivisions and to perform other lawful purposes within the State of [redacted]. Your activity is to provide security services to the homeowners. Membership is open to any homeowner or lessee within the subdivision. Your support is received from membership dues and interest and then used for the payment of the security patrol and miscellaneous expenses.

Section 501(c)(4) of the Internal Revenue Code provides exemption for:

> "Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare..."

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that:

> "An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterment and social improvements."

Section 1.501(c)(4)-1(a)(2)(ii) of the Regulations provides that an organization is not operated primarily for the promotion of social welfare if its primary activity is carrying on a business with the general public in a manner similar to organizations that are operated for profit.

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code		[redacted]					
Surname		[redacted]					
Date							

[redacted]

Revenue Ruling 77-273, 1977-2, C.B. 194, holds that a nonprofit organization that provides security services for residents and property of a particular community who agree to voluntarily donate money at a specified hourly rate to defray the cost of the services, is carrying on a business with the general public in a manner similar to organizations operated for profit and does not qualify for exemption under Section 501(c)(4) of the Code.

Your purpose and activity consist of providing of the security services for the [redacted] subdivision. You are providing security services on a fee basis which parallel an organization operated for profit. Also, your organization's activity is similar to the activity of the organization in the above stated Revenue Ruling.

Therefore, we conclude that your organization does not qualify for exemption from Federal income tax under Section 501(c)(4) of the Code. Accordingly, you are required to file income tax returns on Form 1120.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

Sincerely yours,

[redacted]
District Director

Enclosures:
Publication 892
Form 6018