

[REDACTED]

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[REDACTED]

24 MAY 1982

JUN 2 1982

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted shows that you are organized as a corporation to establish and maintain a chapter house or chapter quarters for [REDACTED] at [REDACTED], and to assist this chapter in its fraternal, literary, educational, recreational, and other lawful non-profit purposes.

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious, charitable,...or educational purposes,...no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Section 1.501(c)(3)-1(b)(1)(i) of the Income Tax Regulations provides that an organization is organized exclusively for one or more exempt purposes only if its Articles of Organization -

- "(A) Limit the purposes of such organization to one or more exempt purposes; and
- (B) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes."

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that:

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)..."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[REDACTED]	[REDACTED]				

"(a)(1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."

"(b)(1)(i) An organization is organized exclusively for one or more exempt purposes only if its articles of organization (referred to in this section as its "articles") as defined in subparagraph (2) of this paragraph:

(a) Limit the purposes of such organization to one or more exempt purposes; and

(b) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes."

In addition, please note the conclusions reached in revenue rulings 64-118 and 69-571 which describe an organization similar to yours. (Copies of these rulings were mailed to you in a letter from us dated [REDACTED] [REDACTED] [REDACTED]. From these rulings, we conclude an organization like yours may qualify for exemption under either Code section 501(c)(2) or 501(c)(7), but not 501(c)(3). You will not qualify under section 501(c)(3) because you are not operated exclusively for charitable or educational purposes. We informed you of this in our letter of [REDACTED], and gave you the opportunity to refile for exemption under either 501(c)(2) or 501(c)(7), but you failed to do so in the time allowed by our letter. Consequently, we must rule that you do not qualify for exemption under section 501(c)(3). It follows, therefore, that contributions to your organization are not tax deductible and that you are required to file Federal income tax returns on Form 1120.

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 equity in support of your position. If you desire an oral hearing, please indicate this in your protest. The instructions for filing a protest are given in the instructions for filing a protest.

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

[REDACTED] [REDACTED]

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."

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3). 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 have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]
District Director

Enclosures:
Publication 92
Form 6018