

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 2508, Cincinnati, OH 45201

Person to Contact:
[REDACTED]

Telephone Number:
[REDACTED]

Refer Reply to:
EP/EO

Date:

JUN 19 1986

Dear Sir or Madam:

- We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(6) of the Internal Revenue Code of 1954 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth on Enclosure I.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code and we have concluded that you do not.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1041 if you are a trust or Form 1120 if you are a corporation or an unincorporated association.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892 (Rev. 7-83), "Exempt Organizations Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by

[REDACTED]

someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this will become our final determination.

Sincerely yours,

/s/ [REDACTED]
by [REDACTED]

[REDACTED]
District Director

Enclosures: 3

ENCLOSURE I

[REDACTED]

You were incorporated on [REDACTED] for the purpose of promoting and advertising the sale of [REDACTED] automobiles throughout the sales area of your members. Advertising will be conducted through the newspaper, radio and television mediums. The names of member dealerships appear in the advertisements.

Membership is voluntary and open to any authorized [REDACTED] dealership in [REDACTED]. Dues are assessed at \$ [REDACTED] per vehicle delivered.

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 and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, 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 services for individual persons.

In your case, your activities are not directed to the improvement of a line of business but rather the business interests of member [REDACTED] dealers. Your advertising activities will not serve to promote the automobile industry as a whole but rather the sale of [REDACTED] of member [REDACTED] dealerships.

In Revenue Ruling 67-77, C.B. 1967-1, 138, exemption was denied to an organization which was organized and operated for the primary purpose of financing advertising campaigns to promote the sale of a particular make of automobile. Instead of engaging in activities for the improvement of business conditions in the automobile industry as a whole, the organization was performing services for its members by advertising the make of automobile sold by its members.

Because you are organized and operated like the organization described in Revenue Ruling 67-77, you do not qualify for exemption under section 501(c)(6) of the Code. Your activities represent the performance of particular services for members and not the improvement of business conditions in a particular line of business or industry.