

ED Form 1041-1
Release 10-13-83
Date 5/11/84
Personnel [REDACTED]

[REDACTED]

APR 1984

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Continental Control
Attn: 20th floor

Employer Identification Number: [REDACTED]
Tax District: [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(9) of the Internal Revenue Code.

The information submitted indicates that you were formed on [REDACTED]. Your purpose is to provide life, sick, accident and other benefits to your members, who are the [REDACTED] members of the [REDACTED]. To achieve your purpose, funds are utilized to send flowers and the like to funerals of deceased members of the [REDACTED] and to the funerals of members of their families; to sponsor athletic and recreational activities of the members; and to provide food and the like at late night sessions of the [REDACTED]. Funds are contributed voluntarily.

Section 501(c)(9) of the Code provides for exemption from federal income tax for voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of the association or their dependents or designated beneficiaries, if no part of the net earnings of the association inures (other than through such payments) to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-1 of the Income Tax Regulations provides, in general, that to be described in section 501(c)(9) an organization must meet all of the following requirements:

- (a) The organization is an employees' association;
- (b) Membership in the association is voluntary;
- (c) The organization provides for the payment of life, sick, accident, or other benefits to its members or their dependents or designated beneficiaries, and substantially all of its operations are in furtherance of providing such benefits; and

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- [REDACTED]
- (4) No part of the net earnings of the organization inures, other than by payment of the benefits referred to in paragraph (c) of this section, to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-3(d) of the regulations provides that the term "other benefits" includes only benefits that are similar to life, sick, or accident benefits. A benefit is similar to a life, sick or accident benefit if --

- (1) It is intended to safeguard or improve the health of a member or a member's dependents, or
- (2) It protects against a contingency that interrupts or impairs a member's earning power.

Based on the information available, we conclude that you are not a voluntary employees' beneficiary association as that term is used in section 501(c)(9) of the Code.

A voluntary employees' beneficiary association will not be considered as operated for the purpose of providing life, sick, accident, or other benefits if more than an insubstantial part of its operations is not in furtherance of those purposes specified in section 501(c)(9) of the Code. The activities of your organization consist primarily of the sponsoring of social and recreational activities. The financial data provided indicates that a substantial amount of your expenditures are for the purpose of providing food for your members at late night sessions of the [REDACTED]. Such activities are not described in section 501(c)(9) of the Code and section 1.501(c)(9)-3(d) of the regulations.

Accordingly, we conclude that you do not qualify for recognition of exemption from federal income tax under section 501(c)(9) of the Code. Therefore, you are required to file federal income tax returns.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted within 21 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices procedures.

[REDACTED]

If we do not hear from you within 21 days, this ruling will become final and copies of it will be forwarded to the District Director, Chicago. Thereafter, any questions about your federal income tax status or the filing of tax returns should be addressed to that office.

When submitting additional letters with respect to this case to the Internal Revenue Service, you will expedite their receipt by placing the following symbols on the envelope: OPE:EO:R:1, Room 6514. These symbols do not refer to your case but rather to its location.

Sincerely yours,

[REDACTED]
[REDACTED]
Chief, Exempt Organizations
Rulings Branch

cc: DD, Chicago
Attn: EO Group

cc: [REDACTED]
[REDACTED]