

Internal Revenue Service

Department of the Treasury

District  
Director

1100 Commerce St., Dallas, Texas 75242

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

NOV 30 1982

Dear Applicant:

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

The information submitted indicates that you were organized as an unincorporated association on [REDACTED]. You were organized to obtain parking space for Federal employees offered in the [REDACTED].

Your application indicates that your primary activities are the collection of parking fees from your members and making payments to the [REDACTED] for the rental of the parking stalls.

Employees of the Federal government and other entities located in the Federal Building are eligible to become members of the association.

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

"(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 to charitable, educational, or recreational purposes."

Section 1.501(c)(4)-1 of the regulations provides, in part, as follows:

"(b) Local associations of employees described in section 501(c)(4) are expressly entitled to exemption under section 501(a). As conditions to exemption, it is required (1) that the membership of such an association be limited to the employees of a designated person or persons in a particular municipality, and (2) that the net earnings of the association be devoted exclusively to charitable, educational, or recreational purposes. The word "local" is defined in paragraph (b) of section 1.501(c)(12)-1."

[REDACTED]

Revenue Ruling 55-311, 1955-1 Cumulative Bulletin 72, holds that a local employees' association whose membership was limited to the employees of a particular employer and which operated a bus for the convenience of its members was not entitled to exemption. Under the facts of that case, the association's income was derived from bus fares and was used to pay for the operation of the vehicle. No part of the earnings was devoted to charitable, educational, or recreational purposes.

Based on the information submitted, it is held that you do not qualify for recognition of exemption from Federal income tax under section 501(c)(4). You are very similar to the organization described in Revenue Ruling 55-311. You are providing a service for the convenience of your members. Your income is derived from rental fees and is used to pay for the rental of the parking stalls. Very little of your earnings is devoted to charitable, educational or recreational purposes. In 1981, expenditures for recreational purposes were less than one percent of total expenditures.

You are required to file an annual Federal income tax return 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 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.

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.

Sincerely,

[REDACTED]

[REDACTED]  
District Director

Enclosures  
Form 6018  
Publication 892