

INTERNAL REVENUE SERVICE
Director, Exempt Organizations

Department of the Treasury
1100 Commerce Street
Dallas, Texas 75242-0000

Date: 01/07/77

[REDACTED]

Employer Identification Number:
[REDACTED]

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

In Reply, Refer To:
[REDACTED]

Dear Applicant

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(7) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [REDACTED] under [REDACTED]

Your Articles of Incorporation state that your purposes shall be to engage in any lawful activity authorized by [REDACTED]

Your organization was formed to plan, arrange and carry out class reunion activities for the [REDACTED]. Other reunions are to be held approximately every ten years. No activity or business will be conducted in between reunions.

Section 501(c)(7) of the Code provides for exemption from Federal income tax of clubs organized and operated exclusively for pleasure, recreation, and other not-for-profit purposes, no part of the net earnings of which inures to the benefit of any private shareholder.

Section 1.501(c)(7)-1(a) of the Income Tax Regulations provides that Section 501(c)(7) of the Code applies only to clubs which are organized and operated exclusively for pleasure, recreation and other nonprofit purposes, but does not apply to any club if any part of its net earnings inures to the benefit of any private shareholder. In general, this exemption extends to social and recreation clubs which are supported solely by membership fees, dues and assessments.

Although there is no statutory definition of "club" as used in IRC 501(c)(7), it implies the existence of ongoing personal contact, commingling and fellowship among members.

Your organization has no personal contact or commingling among members. You have no ongoing activities. Committee members meet every ten years to plan the next reunion. No meetings or social contacts are held during non-reunion years.

In addition to personal contact among members, the term "club" presupposes the existence of a common objective among members. In other words, passive association is not enough; members must be joined by a mutuality of active interests or shared goals justifying the existence of the organization.

COPY

[REDACTED]

Your "members" have no active participation in the club other than to attend reunions every ten years.

Accordingly, we hold that you are not entitled to exemption from Federal income tax as an organization described in Section 501(c)(7) of the Code. You are required to file Federal income tax returns annually on Form 1120.

If you do not agree with these conclusions, you may within thirty days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the [REDACTED] District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

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 other 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".

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

If we do not hear from you within 30 days from the date of this letter, this determination will become final.

Sincerely yours,

Steven T. Miller
Director, Exempt Organizations

Enclosures:
Publication 892
Form 6018