District
Director

[redacted]
P.O. BOX 1680, GPO
Brooklyn, New York 11202

Date: FEB 25 1985

Person to Contact:
[redacted]

Contact Telephone Number:
[redacted]

Refer Reply to:
[redacted]

[redacted]

CERTIFIED MAIL

Ladies and Gentlemen:

We have completed consideration of your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

The information submitted indicates that your activities will consist of conducting local TV and promotion for [redacted] outlets located within the [redacted] market area. The organization is for the cooperative benefit of its members. The organization shall collect contributions based upon a formula, from its members and said contributions shall be expended to provide local advertising as required by [redacted] franchisees to participate in local cooperatives.

Section 501(c)(6) of the Code exempts from Federal income tax business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations describes a business league as an association of persons having some common business interest, the purpose of which is to promote such common 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.

Revenue Ruling 67-77, 1967-1 C.B. 138, states that an organization organized and operated for the primary purpose of financing general advertising campaigns to promote, with funds contributed by the members, their particular product, held, the organization is performing particular services for its members instead of the industry as a whole and is not entitled to exemption as a business league under section 501(c)(6).

The information available demonstrates that, like the organization discribed in Revenue Ruling 67-77, you will be performing a particular service for your members.

Accordingly it is held that you are not operated as a business league described is section 501(c)(6).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

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

Sincerely yours,

[redacted]

District Director

Enclosure: Pub. 892