

District Director

P. O. BOX C-9076GPO  
Brooklyn, New York 11202

Date: MAR 21 1986

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Gentlemen:

We have considered your application for tax exempt status under Internal Revenue Code section 501(c)(6).

The evidence presented discloses that you were incorporated on [REDACTED], [REDACTED] under Section [REDACTED] of the Not-for-Profit Corporation Law.

The purposes for which the corporation was formed are as follows:

" To promote and advance the mutual interests of its members; to consider and deal with common intra-industry problems of management, such as those involved in the designing, production, distribution, employment and financial functions of the clothing designing and manufacturing industry; to promote activities aimed at enabling the industry to conduct itself with the greatest efficiency and economy; to promote free intercourse among its members and to give proper consideration and expression of opinion upon questions affecting the industry; to acquire, assemble, preserve, and disseminate valuable business information; to promote the use and distribution of the products of persons employed in the industry and the members of the corporation; and to do all such lawful acts and things necessary or proper to promote the general welfare of the industry and for the accomplishment of any objects herein set forth or which shall be recognized as proper and lawful objectives of a trade association; all of which shall be consistent with applicable law and the public interest, as well as the interest of this industry and trade"

You state on the application and on subsequent correspondence that "The association was formed for the purpose of providing menswear designers a forum in which ideas could be exchanged, a common market place for promoting and selling their designs, and to provide maximum product exposure...." Membership in your organization is restricted to those who pass a quality control test. Your letter of [REDACTED] shows your organization to have [REDACTED] full members and [REDACTED] associate members.

Your membership fees are based on the sales volume of a member and range from \$ [REDACTED] for an associate member to \$ [REDACTED] maximum. The organization operates [REDACTED] trade shows a year at which members products are displayed. The organization also prints up a "[REDACTED]". Non-members pay a higher rate to advertise in the directory than members. The [REDACTED], advertises in trade publications. These ads consist of a listing of the organization's members. "The organization distributes valuable business information it assembles and acquires only to its members...."

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, 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 defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

Revenue Ruling 64-315, holds that an organization consisting of merchants in a particular shopping center whose advertising material contained the names of the individual merchants did not qualify under IRC 501(c)(6).

A manufacturers' organization that conducted research and made available only to its members rather than to the whole industry the results of the research was determined to be performing particular services to members and did not qualify under IRC 501(c)(6) (Rev. Rul. 60-106, 1960-1 C.B. 153).

Revenue Ruling 76-409 describes an organization that was denied exemption with among other personal services to its members provided a directory of its members names.

Your organization does not share its business information about the menswear industry with industry members other than those in your organization. Your organization does not further the common business interests of the industry as a whole since it excludes from membership organizations not able to pass the [REDACTED] quality control test.

( 3 )

Accordingly we hold that you do not meet the qualifications under 501(c)(6) of the Code, or any other section of IRC 501(c).

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.

Very truly yours,



District Director

Enclosure: Pub. 892