

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

MAY 06 1985

Date:

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Ladies and Gentlemen:

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

The evidence presented reveals that you were incorporated [REDACTED], under Section [REDACTED] of the Not-for-Profit corporation law of the State of [REDACTED].

The purposes for which the corporation is formed are as follows according to the articles of incorporation:

For mutual advancement of the interest of its members, who shall be homeowners residing primarily in the [REDACTED] sections of the Town of [REDACTED], County of [REDACTED], but who may also reside in nearby sections of the County of [REDACTED], or who may also be charitable or public organizations located in any of such areas; without limiting the generality of the foregoing, to associate its members together in such fashion that their united efforts will help them to obtain home heating oil and other household supplies and materials and other items of interest to homeowners or consumers from wholesalers and other distributors at prices and other terms that are more favorable than those ordinarily available to individual purchasers by arranging substantial purchases of such items by its members acting as a group; to foster the exchange of ideas of matters of common interest among its members and to hold meetings concerning such matters; and to have its members cooperate with each other in every possible way for their mutual benefit.

Federal Income Tax Regulations 1.501(c)(6)-(1) provides that a business league is 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 a board of trade.

Thus, its activities should be directed to the improvement of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self sustaining, is not a business league.

Your application 1024 indicates that your organization's members are homeowners and are not persons having a common business interest. Furthermore, the activities which you outline in the aforementioned form, which will enable members of your association to obtain discounts on fuel oil and other consumer goods, do not, as specified in the preceding paragraph, promote a common business interest. These activities constitute the performance of particular services for individual persons and are of a type such that they can be construed as those of a business ordinarily carried on for profit, even though the organization is operated on a cooperative basis or produces only sufficient income to be self sustaining.

Accordingly, we conclude that you are not operated exclusively for purposes described in section 501(c)(6) of the Internal Revenue Code. Therefore, you do not qualify for exemption from Federal income tax under section 501(c)(6). We also conclude that you do not qualify for exemption under any other section of the Internal Revenue Code.

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 completion.

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

Sincerely yours,
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District Director

Enclosure: Pub. 892