

Internal Revenue Service
District Director

Department of the Treasury

Post Office Box 1680, GPO
Brooklyn, NY 11202

Date: DEC 29 1993

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

Employer Identification Number:
[REDACTED]

[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered 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 you were incorporated on [REDACTED] under the not for profit corporation law of the State of [REDACTED].

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

To promote mutual aid in business promotion of the best interests of furniture and gift representatives; to promote good feeling among all its members with a special outlook for their welfare; to foster and encourage their welfare by all lawful means and in fraternal and friendly spirit by organized effort; to promote good will and cooperation among its members; to reform abuse relative thereto; to seek protective legislation and ordinances for the benefit of its members to obtain freedom from unjust and unlawful execution; to distribute accurate information as to the standing merchants, tradesmen, dealers manufactures and others.

The information submitted with your application indicates that the organization was formed to improve professional standards of representatives in the furniture and giftware business and their relationship with manufacturers, merchants and other trade people in that industry. Further objectives of the organization were the compilation of giftware and furniture industry information, the analysis of that information and its dissemination to the membership.

Seminars are conducted in an open forum as member participants exchange ideas and experiences as they related to daily activity in the industry and to uniform problems. Meetings represent an exchange of experiences in the field of labor relations, federal, state and local laws and procedures; tenant/landlord relationship; how to highlight merchandise in the showroom; the obtainment of publicity in trade magazines; the networking of ideas and the psychology of selling.

Additional information submitted in your application and attachment exhibit "A" restricts memberships in [REDACTED] to (1) tenants of [REDACTED] (2) representatives of the furniture and giftware industry (3) members in good standing of the [REDACTED].

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.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Rev. Ruling 73-411 C B 1973-2 page 180 held that an organization whose membership requirements limit membership solely to the tenants of a single real estate facility lacks the essential element of public representation with respect to its membership and the community it purportedly serves which is characteristic of organizations commonly accepted as being chambers of commerce or similar organization.

In the case of a chamber of commerce or similar organization, the common business interest is usually the general economic welfare of a community. Membership is voluntary and open generally to all businesses and professionals in the community. It has been accepted that an organization seeking exemption from Federal income tax under section 501(c)(6) of the code as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interests of all the commercial enterprises in a given trade community.

Like the organization described in Rev. Ruling 73-411, your organization does not possess the essential characteristics of a business league or chamber of commerce because the common business interests being served are not the business interests of members of the kind of broad business community contemplated by the statute. The fact that your membership is limited to the tenants of a single real estate facility employed as marketing representatives in the furniture and giftware industry who are members in good standing of the [REDACTED] does not meet the test of the statute.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection 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 completion.

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

Sincerely yours,

[REDACTED]
District Director

cc: [REDACTED]

Enclosure: Publication 892