

Internal Revenue Service

Department of the Treasury

District
Director

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

Date: June 27, 1986

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated [REDACTED] in the State of [REDACTED].

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

"To foster and promote obedience training of all purebred dogs; to conduct obedience trails, matches, shows and exhibitions on National, regional and local levels; to hold obedience training and classes open to all purebred dogs and generally to further the advancement of dog obedience training and obedience trials;

To unite dog owners, breeders and trainers interest in obedience training and obedience trials for the purpose of maintaining a compact representative, and centralized group to consider, agree and act upon matters affecting the activities of its members;

To conduct sanctioned and licensed obedience trials and shows under the rules of the American Kennel Club;

To protect the interest of purebred dog owners and breeders and the securing of legislation favorable to them.

The activities of your organization consist of conducting obedience and conformation handling classes; obedience correction match; Seminars and conformation handling; All-breed conformation and obedience match and a veterinary Clinic-Von Willebrandt's disease.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In order to qualify under IRC 501(c)(3), an organization must be both "organized" and "operated" exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational test or the operational test, it is not exempt. (Regs. 1.501(c)(3)-1(a)(1)). The organizational test relates to the rules for governing an organization and the purposes stated in its articles of organization. The operational test relates to the organization's activities.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations defines the term "educational" as relating to (a) the instruction or training of the individual for the purpose of improving or developing his capabilities, or (b) the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 71-421, 1971-2C.B. 229 holds that a dog club, exempt under Section 501(c)(7) of the Code formed to promote the ownership and training of purebred dogs and conducting obedience training classes, may not be reclassified as an educational organization exempt under Section 501(c)(3) of the Code. The revenue ruling concluded that while the owner receives some instruction in how to give commands to his dog, it is the dog that is the primary object of the training. The organizations training program for dogs is not within the meaning of educational as defined in the Income Tax Regulation.

In *Ann Arbor Dog Training Club, Inc., v. Commissioner of Internal Revenue Service*, 74 T.C. 207 (1980), the Court held in a declaratory judgement action under IRC 7428, that the organization failed to prove that it is operated primarily for the education of individuals and that the training of dogs was an incidental purpose of its activities. The Service contended and the Court agreed that although the dog owners received some instruction as to the training of dogs, the dogs were the primary object of the organization's training classes and evaluation. Since training dogs is not an educational purpose as described in IRC 501(c)(3) and training dogs was a substantial purpose of the organization, it did not qualify for exemption under IRC 501(c)(3).

Like the organizations described in Revenue Ruling 71-421 and Ann Arbor Dog Training Club v. Commissioner of Internal Revenue Service, it is the dog that is the primary object of the training, and a training program for dogs is not within the meaning of educational as defined in the regulations. Therefore, we have determined that you are not operated exclusively for educational or other exempt purposes stated in Section 501(c)(3) of the Code. You also fail to meet the organizational test since your purposes are broader than those within the preview of Section 501(c)(3) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(3) of the code and propose to deny your request for exemption under that section.

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.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination you may protest 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 be considered final and the appropriate State Officials will be notified.

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 decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, 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."

Sincerely yours,

7/57 

District Director

Enclosure: Publication 892