

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

MAR 22 1985

CERTIFIED MAIL

Dear Sir/Madam:

We have considered your application for recognition of exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code and the information submitted in support thereof.

You were incorporated on [REDACTED] to advance the civic and commercial interests of your members and to conduct any lawful business on a not-for-profit basis in order to carry out this purpose.

You are a membership organization and all tenants within the confines of the Mall are required to be members of the merchant association. The owner of the [REDACTED], [REDACTED], is also a general member.

Your activities consist of (1) promotional activities to attain general public attendance and (2) to advertise for the mutual benefit of the Mall and merchants.

Your income is derived from dues, assessments, and promotional events. Monies are spent for advertising and promotional events.

Section 501(c)(6) of the Internal Revenue Code provides exemption for 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 states 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. 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.

| Code    | Initiator     | Reviewer   | Reviewer   | Reviewer | Reviewer | Reviewer | Reviewer |
|---------|---------------|------------|------------|----------|----------|----------|----------|
|         | CA<br>3/19/85 | E:EO:T     | ER:EO:T    |          |          |          |          |
| Surname |               | [REDACTED] | [REDACTED] |          |          |          |          |
| Date    |               | 3/22/85    | 3-22-85    |          |          |          |          |

Revenue Ruling 64-315, Cumulative Bulletin 1964-2, page 147 deals with "An association of merchants whose businesses constitute a shopping center expends its funds and engages exclusively in advertising in various newspapers and on television and radio in order to attract customers to the shopping center. This advertising contains the names of member merchants and their merchandise. Held, the organization is not entitled to exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code.

Revenue Ruling 73-411, 1973-2 C.B. 180 discusses the characteristics of organizations exempt under 501(c)(6), stating that an organization seeking exemption under this section as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interests of all of the commercial enterprises in a given trade community comprising a broad segment of the public such as a city or similar geographical or political area. A business league or trade association is similar to a chamber of commerce, but serves the common business interests of those in a single line of business, or of closely related lines of business. In either case, membership is voluntary, and open to all businessmen in the community, in the case of a chamber of commerce or board of trade, or to all in the line or lines of business sharing the common business interest in the case of a business league. Benefits are not limited to the membership.

Revenue Ruling 73-411, supra, considered the qualification for exemption under Section 501(c)(6) of a shopping center merchants association. The association's membership was restricted to and required of the merchants who were tenants of a particular shopping center, and the shopping center owner. Its activities included the maintenance and policing of shopping areas, walkways and parking areas, and arranging, conducting and publicizing seasonal and other promotional affairs designed to stimulate the overall volume of trade in the center. It was held that, since the organization was composed of owners of various types of businesses (not a line of business) and yet was a closed, non-public aggregation of commercial enterprises not representative of the community, the organization did not qualify as a board of trade, a chamber of commerce, or a business league. It was further held the organization served only the economic interests of its members, rather than the common business interests of a community or an industry. The organization was thus not qualified for exemption.

[REDACTED]

Your membership is both compulsory and restricted to the owners of the various types of businesses who are tenants of a particular shopping mall. It does not serve to improve business conditions in a line of business; neither is it representative of a trade area of the type served by a chamber of commerce.

Your activities are directed solely to promoting the business and economic interests of your membership, not of an industry or a community.

We therefore hold that you lack the essential characteristics of a chamber of commerce, board of trade, and/or business league. Accordingly, you do not meet the test of the statute and do not qualify for exemption under Section 501(c)(6) of the Code. You do not qualify for exemption under any related paragraph of Section 501(c).

You are required to file Federal income tax returns on Form 1120. All past due returns should be filed with this office within 60 days from the date of this letter, unless a request for an extension of time is granted. File returns for a later years with the appropriate service center indicated the instructions for those returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]  
District Director

Enclosure: Publication 892

cc: [REDACTED]