

Internal Revenue Service

District
Director

Department of the Treasury
Reply to: P. O. Box 13163
Baltimore, MD 21203

Person to Contact:

Telephone Number:

Refer Reply to:

EO: Review

Date:

NOV 21 1987

Dear Applicant:

We have completed our review of the Form 1024, Application for Recognition of Exemption under Section 501(c)(8) which you filed.

The information submitted indicates that you were formed [REDACTED] for the purpose of providing financial benefits which are paid to the [REDACTED] upon the death of a member. These benefits will be paid by the Society to cover the members or their heirs monthly association charges.

Income to your organization comes from monthly contributions from members.

Section 501(c)(8) of the Internal Revenue Code provides for the exemption from Federal income tax of organizations that operate under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and providing for the payment of life, sick, accident or other benefits to the members of such society, order or association or their dependents.

Revenue Ruling 63-190 states that a nonprofit organization (not operated under the lodge system) which maintains a social club for members and also provides sick and death benefits for members and their beneficiaries does not qualify for exemption either as a social club under Section 501(c)(7), a civic league under Section 501(c)(4) or a fraternal beneficiary society under Section 501(c)(8) of the Code.

Since the main activity of your organization is to provide death benefits to members families, you are not entitled to exemption under Section 501(c)(8) of the Code since you do not meet the criteria cited above of being operated under the "lodge system."

Based on the information submitted, we have determined that you are not entitled to exemption under Section 501(c)(8) or any other section of the Internal Revenue Code. Therefore, you will be treated as a taxable entity. You are required to file Federal income tax returns on Form 1120.

[REDACTED]

You have the right to appeal our determination if you believe it is incorrect. To appeal, please refer to the enclosed Publication 892.

If you do not appeal this proposed determination within 30 days from the date of this letter, this action will be final.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

[REDACTED]
District Director

Enclosure:
Publication 892