

Internal Revenue Service

District
Director

Department of the Treasury

P. O. Box 13163
Baltimore, MD 21203

Person to Contact

Telephone Number

Refer to Report

Date

JUL 02 1986

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The evidence submitted discloses that you were incorporated [REDACTED], under the laws of [REDACTED] to foster the International, Olympic amateur sport competition of judo, within the meaning of section 501(c)(3) of the Internal Revenue Code.

The activities and major purpose for which you are formed, is the teaching of the olympic sport of judo on a twice weekly basis during the school year. Students are encouraged to participate in local and national judo tournaments and camps. The organization conducts three local invitational judo tournaments and invites regional judo clubs to compete as players.

Your proposed effort to attract members is primarily word of mouth and three free membership drive ads per year in a local neighborhood newspaper.

Section 501(c)(3) of the Code provides for the exemption of organizations "organized and operated exclusively for ... charitable, ... or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment),..."

Section 501(j) of the Code provides that organizations organized and operated primarily to conduct national or international competition in sports, or to support and develop amateur athletes for national or international competition in sports, will not fail to qualify under section 501(c)(3) because they either provide athletic facilities or equipment or have a membership that is local or regional in nature.

The purpose underlying the addition of amateur sports organizations to section 501(c)(3) in 1976 and the enactment of section 501(j) in 1982 was, in part, to assure exempt status to organizations devoted to developing amateur athletes for participation in national and international competition in Olympic and Pan American sports. 122 Cong. Rec. S. 13611, 120 (daily ed. Aug. 5, 1976) (Senator Culver); 28 Cong. Rec. 58919 (daily ed. July 22, 1982) (Senator Stevens).

The inclusion of amateur athletic organizations under section 501(c)(3), "(was) not intended to make social clubs, or organizations of casual athletes, into tax exempt charities. Only an organization whose primary purpose is the support and development of amateur athletes for participation in international competition in Olympic and Pan American sports will qualify ..." 112 Cong. Rec. S. 13613, 120 (daily ed. Aug. 5, 1976)(Senator Culver).

Revenue Ruling 77-365, 1977-2 C.B. 192, holds that an organization providing instruction to persons of any age in a particular sport and which does not sponsor competition in that sport is exempt under IRC 501(c)(3) as an educational organization.

Revenue Ruling 80-215, 1980-2 C.B. 174, holds that developing, promoting and regulating a sport for children under 18 years of age, in certain circumstances, combats juvenile delinquency by providing a recreational outlet for young people. This organization does organize local and statewide competition; but participation is limited to juveniles.

Our review of your application indicates your organization teaches the sport of judo twice weekly during the school year. You also conduct three local judo tournaments and invite regional judo clubs to compete. Your activities are not limited to children under 18 years of age.

Since you sponsor competition in judo, you do not meet the requirements of Revenue Ruling 77-365. Also, since your activities are not limited to children, you do not meet the requirements of Revenue Ruling 80-215. Therefore, we conclude that you are not organized and operated exclusively for charitable purposes within the meanings of section 501(c)(3) of the Code and regulations, thereunder.

Revenue Ruling 70-4, 1970-1 C.B. 126 provides that an organization engaged in promoting and regulating a sport for amateurs may be exempt under section 501(c)(4) of the Code. If you wish consideration under section 501(c)(4), please file a properly completed and executed Form 1024.

Contributions to your organization are not deductible under Code section 170. You are required to file Federal income tax returns on Form 1120.

[REDACTED]

In accordance with section 6104(c) of the Code, we will notify the appropriate state officials of this determination.

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

If you do not appeal this determination within 30 days from the date of this letter, this determination will be final and it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the 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 Court of Claims, 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,

[REDACTED]
District Director

Enclosure:
Publication 892