

**Internal Revenue Service**

District  
Director

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

▷ [REDACTED]

Person to Contact:

[REDACTED]  
Telephone Number [REDACTED]

Refer Reply to:

[REDACTED]  
Date:

10 MAY 1985

**CERTIFIED MAIL**

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code.

The evidence submitted indicates that you were formed [REDACTED] for the purposes of a car club where members will receive a monthly magazine for educational purposes.

Membership in your organization is open to anyone who has an interest in the [REDACTED] and pays the dues.

Your primary activity is the publication of a monthly magazine for the members. The magazine contains photos, articles on [REDACTED], and a classified section on parts or service for cars.

In addition to the publications, your organization sells parts and club related items and conducts an annual three day convention. You do not conduct any monthly or quarterly meeting. Your membership only meets as a whole during the annual convention.

The income of your organization is expected to consist of membership dues.

The majority of your expenses will be the cost of the publication. Other expenses will include postage, gas, advertising and convention expenses.

Section 501(c)(7) of the Internal Revenue Code provides for the exemption of clubs organized and operated for pleasure, recreation and other non-profitable purposes substantially all of the activities are for such and no part of the net earnings of which inures to the benefit of any private shareholder.

Section 1.501(c)(7) of the Income Tax Regulations states that in general exemption extends to social and recreational clubs which are supported solely by membership fees, dues and assessments.

Chattanooga Auto Club vs. Commissioner, 182 F. 2d 551 (1950), upheld the decision to deny the club's exemption as a social club because there was no comingling among the members and no evidence that the organization was operated exclusively for pleasure and recreation.

[REDACTED]

Revenue Ruling 55-716 states that an organization formed to provide television antenna service to its members does not qualify for exemption as a social club under section 501(c)(7) because there was not commingling among the members.

Revenue Ruling 70-32 states that an organization that has no organized social and recreational program for its members does not qualify for exemption as a 501(c)(7) organization because it lacks substantial commingling among the members.

On the basis of the information submitted, we have concluded that your organization is not entitled to exemption under section 501(c)(7) of the Internal Revenue Code because your organization lacks the necessary commingling of members. The distribution of a magazine does not satisfy the commingling requirements. Furthermore, your purposes do not provide for recreational and social activities among the members.

Your present activities and purposes do not qualify for exemption under any 501(c) section of the Internal Revenue Code.

You are required to file Federal income tax returns on Form 1120.

You have the right to protest this determination letter if you believe that it is incorrect. To protest, you should refer to the attached Publication 892.

If we do not hear from you within thirty days from the date of this letter, this determination will be final.

Sincerely yours,

[REDACTED]  
District Director