



DEC 13 1993

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code and have determined that you do not qualify for tax exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

The information submitted indicates that you were formed on [redacted]. Your purposes are to provide a forum for the presentation and exchange of ideas for users of [redacted]'s products, to provide education and support and to influence [redacted]'s product directions and policies.

You are a membership organization with two types of membership. Full membership is limited to companies who have purchased the [redacted] product and have paid their dues. Associate members are companies or individuals deemed to be associate members by a vote of the full members.

Your activities include meeting six times per year during the odd calendar months. These meetings provide a forum for the presentation and exchange of ideas for users of [redacted]'s products. Discussion groups and lectures are held to provide discussion among the members. Continuing education for users of [redacted]'s products and updates on product revisions are provided at these meetings. The end users of the product provide [redacted] with feedback so as to enhance and tailor [redacted]'s product to the user's requirement.

Your income is derived from membership dues.

Your expenses are for meeting facilities, refreshments and speakers for your meetings.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[redacted]	[redacted]	[redacted]	[redacted]			
Surname	[redacted]	[redacted]	[redacted]	[redacted]			
Date	10/7/93	10/7/93	10/7/93	11/6/93			

[REDACTED]

Section 501(c)(6) of the Internal Revenue Code provides for exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues, which are 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.

Revenue Ruling 83-164, found in Cumulative Bulletin 1983-2, on page 95 held that an organization which directed its activities to users of computers made by one manufacturer was not directing its activities towards the improvement of business conditions in one or more lines of business within the meaning of section 1.501(c)(6)-1 of the Income Tax Regulations.

Moreover, it is the position of the Internal Revenue Service that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code. See Produce Exchange Clearing Association, Inc. v Helvering, 71 F. 2d 142 (1934), Ct. D. 898, C.B. XIII-2, 209 (1934).

Therefore, based on the information you submitted and on the Internal Revenue Code, Income Tax Regulations, and the above Revenue Ruling and court case cited in this letter, it is concluded that you do not qualify for tax exempt status as an organization described in section 501(c)(6) of the Internal Revenue Code.

Since your membership is limited to companies that use a single brand or product and does not include members of the industry as a whole, your activities do not improve conditions in one or more lines of business. In addition, your activities do not serve the profession as a whole, but only the members of your organization.

In accordance with this determination, you are required to file Federal income tax returns on Form 1120.

[REDACTED]

If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law, and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office, if you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax authorization with us.

If you don't appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination on this matter.

Appeals submitted which do not contain all the documentation required by Publication 892 will be returned for completion.

If you have any questions, please contact the person whose name and telephone phone number are shown in the heading of this letter.

Sincerely,

[REDACTED]

District Director

Enclosure: Publication 892