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JUL 15 1983

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 of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Your organization was formed to maintain, supervise, repair, and manage all of the common area lots, common area facilities and common facilities of [REDACTED] (located in [REDACTED]). The Center has [REDACTED] individually owned buildings, each surrounded by a parking lot for the clients and customers. One building houses a restaurant and is owned by the restaurateur. One building houses a pharmacy and the State-owned liquor store and is owned by the pharmacist. One small office building houses a doctor's office, insurance office, etc. A larger 2-story office building has mainly retail stores on the ground level and offices upstairs. The two office buildings are owned by a group of investors who had originally developed the center. The fees cover management fees, maintenance costs, insurance, professional services and bank service charges. Most of the assessment is for the maintenance of the parking lot and lamp posts.

Membership in the Association commences automatically with ownership and terminates automatically with such ownership. No owner may exempt itself from liability for its contribution towards the common expenses of the Association by waiver of the use or enjoyment of the common area lot and facilities. Members have voting rights based on the number of square feet of tenantable floor area in their building as compared with the total building floor area of the entire center.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of nonprofit 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

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	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
SUR. NAME	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
DATE	16/6/83	6-28-83	7/10/83	7/13/83	7-14-83		

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common 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. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, 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.

An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining is not a business league.

Revenue Ruling 73-411, 1973-2 C.B. 180, holds that a shopping center merchant's association whose membership is restricted to and required of the tenants of a one-owner shopping center which is their common lessor, whose members represent businesses in a single one-owner mall rather than a community, and whose members also operate it to deal with matters pertaining to the landlord and tenant relationship at the mall, does not qualify as a business league or chamber of commerce under section 501(c)(6) of the Code.

In Revenue Ruling 78-225, 1978-1 C.B. 159, a nonprofit organization that is operated to promote the common business interests of its members was held to be exempt under section 501(c)(6), even though a majority of its members' businesses are located in one particular shopping center, because (1) membership is voluntary and open to all businesses in a neighborhood community, (2) it is operated to improve the business conditions of a community rather than a single one-owner mall, and (3) it is not involved in tenant and landlord matters relating to the shopping center.

From the information presented regarding your organization, you are not a business league as defined in section 1.501(c)(6) of the income tax regulations, because your membership and activities are not directed to promoting the common business interests of a particular industry or business lines. Neither are you a chamber of commerce or a board of trade whose membership are not restricted and whose efforts are directed at promoting the common economic interests of all the commercial enterprises as a whole in a designated broader community. Your membership is compulsory and also restricted to the [redacted] owners, [redacted] of whom are also occupying the buildings. Furthermore, a more apparent and

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and maintaining the parking areas and other common property. The fact that management and maintenance is done cooperatively and without profit does not negate the fact that services that are necessary in operating a business were being performed for the owners.

Accordingly, it is held that you are not entitled to recognition of exemption from Federal income tax under section 501(c)(6) of the Code. You are required to file Federal income tax returns on Form 1120 for each year you have been in existence.

We are not ruling on your qualification for exemption under any related paragraph under IRC 501(c).

If you accept our findings, you do not need to take further action.

If you do not accept our findings, we recommend that you request a conference with the Office of Regional Director 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 our Regional office or, if you request, at any mutually convenient District office.

If we do not hear from you within 30 days from the date of this letter, this ruling will become final. If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

District Director

Enclosure: Pub. 892

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DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE CORRESPONDENCE APPROVAL AND CLEARANCE FORM 10570 (Rev. 3-64)