

[Redacted]

Person to Contact: [Redacted]
Telephone Number: [Redacted]
Refer Reply to:
Internal Revenue Service

[Redacted]

Date: DEC 13 1988

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.

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

You are organized for the purpose of serving as a "unit owners association" under Article [Redacted] of the [Redacted] Uniform Condominium Act.

Your membership is composed of owners of commercial real property located in a commercial real estate development. Your activities consist of operating the common areas of the development and maintaining and repairing the surrounding grounds.

Your revenue comes from association dues and special assessments paid by the owners within the development. A small reserve of these dues and assessments are maintained to meet expenditures for major repairs. Your financial records show expenditures for lawn care, snow plowing and rubbish removal.

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Code	Initiator	Reviewer	Author	Reviewer	Author	Reviewer	Author	Reviewer
	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Surname	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Date	12/12/88	12/12/88	12/12/88	12/12/88	12/13/88	12/13/88	12/13/88	12/13/88

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. 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. 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. An association engaged in furnishing information to prospective investors to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder.

According to Revenue Ruling 56-65, 1956-1 CB 199, an organization which furnished services to its members to effect economies in the operation of their individual business did not qualify for exempt status as a business league.

Because of the above described operation your activities are aimed at the performance of particular services for your individual members as distinguished from the improvement of business conditions generally as required by Section 1.501(c)(6) of the Income Tax Regulations.

We have concluded that you do not qualify for exemption from Federal Income Tax as an organization described in Section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120, annually with your District Director.


If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If we do not hear from you within 30 days from the date of this letter this determination will become final.

Please keep this determination letter in your permanent records.

If you agree with this determination please sign and return the enclosed Form 6018.

Sincerely yours,


District Director

Enclosures:
Publication 892
Form 6018