

Internal Revenue Service

CERTIFIED MAIL
District
Director

Department of the Treasury
P.O. Box 9107

Person to Contact:

Telephone Number:

Refer Reply to:

Date: JUN 25 1983

Gentlemen:

We have considered your application for recognition of exemption under Section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated under the laws of the State of . Your purposes as stated are to operate exclusively for the promotion of the common business interests of daily newspapers published within the , area of dominating influence.

Your membership is limited to daily newspapers with circulation audited by and % of circulation must be in the area of dominating influence, (ADI). The activities at the present time are the securing of, or generating of advertisements for placement in members daily newspapers.

Your receipts are from membership dues and assessments, commission on securing advertising for members, and investment income. Your disbursements are for advertising, surveying of member newspapers, and attending conferences and meetings.

Section 501(c)(6) of the Internal Revenue Code provides for the exemption of business leagues not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder of individual.

Section 1.501(c)(6)-1 of the Income tax Regulations defines a business league as an association of persons having a common business interest with a purpose to improve business conditions instead of to perform particular services for the individual members.

Revenue Ruling 56-84 denied tax exempt status, to an organization, operated primarily for the purpose of promoting, selling and handling the National Advertising in its members publications on the basis of providing, or performing a particular service for individual members as distinguished from activities and for the improvement of the business conditions of its industry as a whole.

The securing and generation of National Advertising at specified rates for your members and the receiving of Commissions on these contracts is an activity which constitutes the performances of particular services for members rather than an activity directed to the improvement of business conditions as required by the applicable regulations. Therefore, on the basis of the facts and law presented, we hold that you do not qualify for exemption under Section 501(c)(6) or any other section of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120.

If you do not accept our findings, you may request a conference with a member of our Regional Office Conference Staff. 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 the Regional Office, or, if you request at any mutually convenient District Office. A self-addressed envelope is enclosed.

If we do not hear from you within 30 days, this determination will become final.

Sincerely yours,


District Director

Enclosures:
Publication 892
Self-addressed envelope