

District Director

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

SEP 29 1982

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 evidence submitted indicates that you were incorporated [redacted], under the laws of the State of [redacted] to promote the common business interests of the members of your corporation.

Your bylaws further state that you shall engage in and conduct promotional programs and publicity, special events, decoration, cooperative advertising and other joint endeavors in the general interest and for the general benefit of the members of your organization.

Membership in your organization is required as set forth in the terms of the leases of those persons, firms, and corporations engaged in a business or a profession and who leases or own premises within the [redacted]. At present, your membership consists of [redacted] restaurants, [redacted] women's clothing stores, a furniture store, a Thrift Drug store, a movie theatre, an armed forces recruiting center and [redacted] specialty stores.

Your activities include collecting dues and using the proceeds to pay for the advertisement of mall promotions, such as, newspapers and radio ads. You also buy supplies to decorate the mall for promotions.

Your funding consists of dues, contributions and gross receipts from related activities, such as, drawings.

Disbursements are for salaries and wages, materials and supplies, bad debts and other expenses. Your primary expenses were for advertising and promotion. Your advertising expense constituted [redacted]% of your total expenses and your promotion expense constituted [redacted]% of your total expenses.

Section 501(c)(6) of the Internal Revenue Code provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues (whether or not administering a pension fund for football players), 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) of the Income Tax Regulations defines a business league as 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. 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 members.

An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit and that produces only sufficient income to be self-sustaining is not a business league within the meaning of section 501(c)(6).

Revenue Ruling 73-411 states that a shopping center merchants' association whose membership is restricted to and required of the tenants of the shopping center and whose activities are directed to promoting the general business interests of its members, does not qualify as a business league or chamber of commerce under section 501(c)(6) of the Code.

On the basis of the information submitted, we have concluded that your organization is not entitled to exemption under section 501(c)(6) since your membership is restricted only to those tenants in the shopping center and represents members from different trades, businesses, occupations and professions. Also, your funds are used primarily for advertising and promotion of the [REDACTED]. You promote the business interests of your members rather than the improvement of conditions of one or more lines of business.

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

You have the right to protest this determination 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 30 days from the date of this letter, this determination will be final.

Sincerely yours,

[REDACTED]
District Director