



JAN 7 1983

Ladies/Gentlemen:

We have considered your application for recognition of exemption from Federal income tax as a Business League described in section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you are a membership organization incorporated as a non-profit organization on [redacted] under the [redacted] Non-profit Corporation Act. Any corporation, partnership, individual and/or business entity that is licensed under [redacted] Licensee agreement to rent and/or lease cars and/or trucks shall be eligible for membership in this corporation.

Your purposes as set forth in your articles of incorporation are to foster and promote the interests of your members engaged in the car and truck renting and leasing business; to unite your members for their mutual aid, protection and benefits; to collect information, and conduct research on the car and truck renting and leasing business; to provide a means for your members to investigate improved, more efficient and less costly methods of operating their businesses; to provide for the exchange and dissemination of ideas and information among your members.

You receive dues income, regional meeting income, recoveries and personal accident insurance premiums from your members.

Your activities consist of regional meetings, an annual convention, disseminating legislative data to members and collecting insurance premiums from each licensee generated through the rental operation of their business and to transmit these premiums, to the indemnity insurance company.

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
BUR-NAME	[redacted]	[redacted]					
DATE	12/28	1-6-83					

Section 501(c)(6) of the Internal Revenue Code provides for the exemption of Business Leagues, Chambers of Commerce, Real Estate Boards 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 67-77, 1967-1 CB 138, held that an organization composed of dealers in a certain make of automobile in a designated area organized and operated for the primary purpose of financing general advertising campaigns to promote, with funds contributed by dealer members, the sale of that make of automobile was not entitled to exemption under section 501(c)(6). The rationale of this denial of exemption was that the organization was performing particular services for its members.

Revenue Ruling 68-182, 1968-1, CB 263, states that 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.

The service position was upheld in the case of "National Muffler Dealers Association v. U.S., 440 U.S. 472 (1979). The court held that an association of a particular brand name of muffler dealers does not qualify for exemption because the association is not engaged in the improvement of business conditions of a line of business.

Based upon the information submitted, it is held that the organization is performing particular services for its members instead of for the car and truck rental and leasing industry as a whole and is not entitled to exemption as a business league.

Your application also discloses that you collect personal insurance premiums from your members and turn these over to an insurance company on behalf of your members. This activity also constitutes the performance of particular services for individuals.

You are required to file Federal income tax returns on the form and for the years shown above. File these returns with your key District Director for exempt organization matters within 60 days from the date of this letter, unless a request for an extension of time is granted. Filed returns for later tax years with the appropriate service center indicated in the instructions for those returns.

[REDACTED]

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office 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 the Regional Office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]  
District Director