

[REDACTED]

CERTIFIED MAIL

[REDACTED]

SEP 11 1983

Ladies and Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(7) of the Internal Revenue Code and the information submitted in support thereof.

The data submitted discloses that you were incorporated on [REDACTED] under the non-stock laws of the State of [REDACTED]. Your membership is comprised of actors, actresses, radio and television personalities, and others in the entertainment field. Your activities include the conducting of fund raising functions by your members which are open to club members, and the general public. You anticipate that no more than [REDACTED]% of your total revenue will be from non-member support.

Section 501(c)(7) of the Internal Revenue Code provides for exemption of clubs organized for pleasure, recreation and other non-profitable purposes, substantially all of the activities of which are for such purpose.

Section 1.501(c)(7)-1(b) of the Internal Revenue Regulations states:

"A club which engages in business, such as making its social and recreational facilities available to the general public or by selling real estate, timber, or other products, is not organized and operated exclusively for pleasure, recreation, and other non-profitable purposes, and is not exempt under section 501(a). Solicitation by advertisement or otherwise for public patronage of its facilities is prima facie evidence that the club is engaging in business and is not being operated exclusively for pleasure, recreation, or social purposes. However, an incidental sale of property will not deprive a club of its exemption."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[REDACTED]	[REDACTED]					
Surname	[REDACTED]	[REDACTED]					
Date	9/13/83	09/14/83					

[REDACTED]

Senate Report No. 94-1318, 2nd Session, 1976-2 CB 596 provides that a social club is permitted, for taxable years beginning after October 20, 1976 to derive up to 15% of its gross receipts from public use of club facilities. In addition, social clubs are not permitted income from the active conduct of businesses not traditionally carried on by social clubs.

Based on the information submitted, your club intends to carry on fund raising functions which may be businesses not traditionally carried on by a social club. In addition, you indicate your club will derive up to [REDACTED] % of its gross receipts from non-members.

Therefore, we have concluded that you are not an organization which is described in section 501(c)(7) of the Code.

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

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