

[REDACTED]  
[REDACTED]  
[REDACTED]  
MAR 15 1982

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code.

The information presented indicates that you were incorporated on [REDACTED] to engage in such civic and public service activities as are permitted by section 501(c)(4).

Membership is open to all residents of [REDACTED] who pay the annual dues.

Your income is derived from members dues and contributions. Expenses will include charter fee, refreshments, rent for meeting area and door prizes.

The organization was formed to have a legal entity in preparation for a possible conversion of the apartment house from tenants to a form of cooperative or condominium.

Section 501(c)(4) of the Code provides for the exemption from federal income tax of civic leagues or organizations not organized for profit but organized exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community.

Revenue Ruling 69-280, 1969-1 published in Cumulative Bulletin on page 152, denies tax exemption under code section 501(c)(4) because it holds that the organization named in the Revenue Ruling is operated primarily for the private benefit of its members.

Any benefit the community may receive would not be sufficient to qualify an organization as one operated primarily for the common good

[REDACTED]

and general welfare of the community as a whole as required by code section 501(c)(4).

In Revenue Ruling 73-306, published in Cumulative Bulletin 1973-2 on page 185, it was held that a nonprofit corporation formed to promote the common interests of tenants who resided in an apartment complex by representing its member-tenants in negotiations with the management of the complex was held to be not exempt under section 501(c)(4). This ruling was based on the conclusion that the organization was operated essentially for the private benefit of its members and was not primarily engaged in activities for the common good and general welfare of the people of the community.

Consequently we conclude that you are primarily organized and operated to provide services for the personal benefit of your member-tenants and not primarily for promoting in some way the common good and general welfare of the people of the community. Therefore, you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(4) of the Code.

You are not relieved of the requirement to file Federal income tax returns.

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

Enclosure

[REDACTED]