

[REDACTED]

[REDACTED]

MAY 12 1988

Employer Identification Number: [REDACTED]

Gentlemen:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(2) of the Internal Revenue Code.

You were incorporated under the laws of [REDACTED]. According to your Articles of Incorporation, as amended, you were formed to receive and act as custodian of funds from employers of laborers who are members of [REDACTED], who work in [REDACTED], and pay over these funds annually to [REDACTED] and [REDACTED]. The employers who pay these funds to you in behalf of their employees are required to do so as a result of negotiated collective bargaining agreements between them and [REDACTED] which represents the laborers.

Information submitted in support of your application discloses that the South Carolina IIA/Employees District Escrow Fund has been recognized as exempt under section 501(c)(9) of the Code and the Waterfront Employees IIA Ports of S.C. Pension Plan has qualified under section 401(a) of the Code.

Section 501(c)(2) of the Code provides exemption for corporations organized for the exclusive purpose of holding title to property, collecting the income therefrom, and turning over the entire amount, less expenses, to an organization which itself is exempt under this section.

The type of organization contemplated by section 501(c)(2) of the Code typically holds title to real property, collects the income therefrom, and turns over the entire amount of such income, less expenses, to a parent organization.

[REDACTED]

You have not provided us with the information submitted in support of your application. We believe that your primary purpose is performing a service for the various [REDACTED] employers who have entered into collective bargaining agreements with [REDACTED] which require them to make payments in behalf of their employees to [REDACTED] and [REDACTED]. The employers have a legal obligation to make payments to the Escrow Fund and the Pension Plan for the benefit of their employees. By making these payments directly to you for subsequent transmittal to the Escrow Fund and the Pension Plan, you are affording them a convenience and performing an administrative service for their benefit. The service that you are performing for these employers is a generally recognized commercial service. Thus, you are engaging in a business ordinarily carried on for profit and are not merely holding title to property as contemplated by section 501(c)(2) of the Code.

Therefore, you are not exempt under section 501(c)(2) of the Code. You are required to file federal income tax returns on Form 1120.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director in Atlanta, Georgia. Thereafter, any questions about your federal income tax status should be addressed to that office.

Sincerely yours,

(signed) [REDACTED]

[REDACTED]
 Chief, Exempt Organizations
 Rulings Branch

cc: DD, Atlanta
 Attn: EO Group

[REDACTED]

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reference
	[REDACTED]	[REDACTED]	[REDACTED]				BEST AVAILABLE COPY
Summers	[REDACTED]	[REDACTED]	[REDACTED]				
Date	04/15/88	04/15/88	5/10/88				