

INTERNAL REVENUE SERVICE

DEPARTMENT OF THE TREASURY

Date: JUN 07 2000

Tax Year(s) Ending:

Employer Identification Number:

Exemption Under Internal Revenue Code

Section:

Person to Contact:

Identification Number:

Contact Telephone Number:

Dear Sir or Madam:

This is a Final Adverse Determination as to your exempt status under section 501(c)(7) of the Internal Revenue Code.

It has been determined that the _____ is not operating as a social club within the meaning of IRC section 501(c)(7). Your organization has made a substantial amount of its activities available to the general public and did not maintain the records required by Revenue Procedure 71-17, 1971-1 C.B. 683.

IRC section 501(c)(7) provides for exemption from Federal income tax for clubs organized for pleasure, recreation and other non-profitable purposes, substantially all the activities of which are for such purposes and no part of the net earnings of which inure to the benefit of any private individual.

Section 1.501(c)(7)-1 of the Income Tax Regulations states that, in general, this exemption extends to clubs which are supported solely by income from membership fees, dues and assessments.

Section 1.501(c)(7)-1(b) of the Income Tax Regulations provided, in part, that 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).

Revenue Ruling 58-888, 1958-2 C.B. 265, states that an organization formed by several individuals to operate a health, recreational and social club but whose predominant activity is the selling of services for a profit to an unlimited number of so-called "members", who have no voice in the management of the club and whose only rights are to the use of the club's facilities upon the payment of specified fees, is not a tax-exempt social club within the meaning of section 501(c)(7).

Based on the above, we are revoking your organization's exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code effective

You are required to file Federal Income Tax returns on Form 1120. These returns should be filed with the appropriate Service Center for all years beginning

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call 1-877-777-4778 and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate for the site where the determination was made by calling

writing to:

Internal Revenue Service

Office of Taxpayer Advocate

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Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

If you have any questions in regards to this matter, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



R. Slaughter
Director, EO Examinations