



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Number: **200622054**
Release Date: 06/2/06
Date: March 8, 2006

6033.01-00

Contact Person:

Identification Number:

Telephone Number:

Employer Identification Number:

Legend:

A =
B =
X =

Dear _____ :

We have considered your representative's request to be exempted from filing the Annual Return for Exempt Organizations.

Statement of Facts

A was incorporated under the laws of B. A is an organization described in section 501(c)(6) of the Internal Revenue Code. Subsequent to receiving its determination letter under section 501(c)(6) on X, A received a ruling from the Internal Revenue Service which held the following:

- (a) The income of A is excludible from gross income under section 115 of the Code.
- (b) A is an instrumentality of the City, a political subdivision of the State, for the purposes of sections 3121(b)(7)(F) and 3306(c)(7) of the Code.
- (c) Charitable contributions to A are deductible by the donors to the extent provided by section 170 of the Code.

Ruling Requested

A requested a ruling that A is relieved from the general requirement to file an annual information return under section 6033(a)(2)(B) of the Code.

Statement of Law

Section 6033(a)(1) of the Code generally requires that an organization exempt from federal income tax under section 501(a) be required to file an annual return.

Section 6033(a)(2)(B) of the Code provides discretionary exceptions from the annual filing requirement where the Secretary determines such filing is not necessary to the efficient administration of the internal revenue laws.

Section 1.6033-2(g)(6) of the Income Tax Regulations provides that an organization may be excepted from filing the annual return required by section 6033(a)(1) of the Code where the Internal Revenue Service determines that such annual filing is not necessary for the efficient administration of the internal revenue laws.

Rev. Proc. 95-48, 1995-2 C.B. 418, specifies that a governmental unit or an affiliate of a governmental unit is not required to file an annual return (Form 990).

Section 4.02(a) of Rev. Proc. 95-48 provides relief from the filing requirement imposed by section 6033(a)(1) of the Code if an organization has a ruling or determination from the Internal Revenue Service that:

- (i) Its income, derived from activities constituting the basis for its exemption under section 501(c) of the Code, is excluded from gross income under section 115;
- (ii) It is entitled to receive deductible charitable contributions under section 170(c)(1) of the Code, on the basis that contributions to it are "for the use of" governmental units; or
- (iii) It is a wholly owned instrumentality of a state or political subdivision thereof, for employment tax purposes (see sections 3121(b)(7) and 3306(c)(7) of the Code);

Analysis

As an organization exempt from federal income taxes under section 501(a) of the Code, the organization is required to file an annual Form 990 under section 6033(a)(1). However, section 6033(a)(2)(B) provides discretionary exceptions to the annual filing requirement imposed by section 6033(a)(1) when such filing is not necessary to the efficient administration of the internal revenue laws. Pursuant to the authority of section 1.6033-2(g)(6) of the regulations, Rev. Proc. 95-48, *supra*, specifies that a "governmental unit" or an "affiliate of a governmental unit" is not required to file Form 990.

For purposes of Rev. Proc. 95-48, an organization is treated as an "affiliate of a governmental unit" if it is described in section 501(c) of the Code and it meets the requirements of Rev. Proc. 95-48, Section 4.02(a).

Pursuant to the ruling issued to A on X, A meets the requirements as an affiliate of a governmental unit as set forth in Rev. Proc. 95-48, Section 4.02(a).

Ruling

Therefore, we rule as follows:

A is relieved from the general requirement to file an annual information return under section 6033(a)(2)(B) of the Code.

This ruling will be made available for public inspection under section 6110 of the Code after certain deletions of identifying information are made. For details, see enclosed Notice 437, *Notice of Intention to Disclose*. A copy of this ruling with deletions that we intend to make available for public inspection is attached to Notice 437. If you disagree with our proposed deletions, you should follow the instructions in Notice 437.

This ruling is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

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

Sincerely,

Steven Grodnitsky
Manager, Exempt Organizations
Technical Group 1

Enclosure
Notice 437