



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

TE/GE: EO Examination

625 Fulton Street, Room 503

Brooklyn, NY 11201

Date: January 10, 2008

Number: **200817050**

Release Date: 4/25/2008

LEGEND

ORG = Organization name

XX = Date

Address = Address

UIL:501.03-01

ORG
ADDRESS

Taxpayer Identification Number:
Person to Contact:
Identification Number
Contact Telephone Number:

LAST DATE FOR FILING A PLEADING
COURT, OR THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT
OF COLUMBIA:

Dear :

This is a final adverse determination that you do not qualify for exemption from income tax under section 501(a) of the Internal Revenue Code as an organization described in Code section 501(c)(3). This determination is effective beginning on January 1, 20XX.

Our adverse determination was made for the following reason (s):

Organizations Describe in section 501(c)(3) of the Internal Revenue Code and exempt under section 501(a) must be organized and operated exclusively for an exempt purpose. You have provided no information regarding your receipts, expenditures or activities. You have not established that the

has been operated exclusively for an exempt purpose. You have failed to meet the requirements of I.R.C. section 501(c)(3) and Treasury Regulation section 1.501(c)(3)-1(d) in that you have failed to provide information and established that you were operated exclusively for an exempt purpose.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

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 January 1, 20XX.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must file a pleading seeking a declaratory judgment in the United States Tax Court, the United States Court of Federal Claims, or the United States District Court for the District of Columbia before the 91st day after the date this final determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing pleadings for declaratory judgments and refer to the enclosed Publication 892. You may write to these courts at the following addresses:

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States 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. You may call too-free and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate.

We will notify the appropriate State Officials of this action, as required by section 6104(c) of the Internal Revenue Code.

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

Sincerely Yours,

Marsha A. Ramirez
Director, EO Examinations

Enclosure:
Form 886-A
Publication 892



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
Internal Revenue Service
TE/GE EO Examination
1100 Commerce St. Mail Code 4957:DAL
Dallas, TX 75242-1027

ORG
ADDRESS

Taxpayer Identification Number:

Form:
990

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:
Telephone:
Fax:

Certified Mail - Return Receipt Requested

Dear :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States 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. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez
Director, EO Examinations

Enclosures:
Form 6018 w/envelope
Pub 892 and 3498
Report of Examination

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG	REVISED	Year/Period Ended 20XX12

Legend

ORG = Organization name XX = Date

Issue: Tax Exempt Status under 501(c)(3) of the Internal Revenue Code

Issue: Whether exempt organization qualifies for exemption under Section 501(c)(3) of the Internal Revenue Code.

Facts: The Exempt Organization failed to respond to the Internal Revenue Service correspondence requesting documents or file the Forms 990 for the tax periods ending December 31, 20XX and 20XX.

Law: Section 6001 of the Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

Section 6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Section 1.6001-1(e) of the regulations states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Section 1.6033-1(h)(2) of the regulations provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033.

Rev. Rul. 59-95, 1959-1 C.B. 627, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

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In accordance with the above cited provisions of the Code and regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) return and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

Government's Position: It is the IRS's position that the organization failed to meet the reporting requirements under sections 6001 and 6033 of the Code, and of the Regulations thereunder, which must be satisfied in order to be recognized as exempt from federal income tax under 501(c)(3) of the Internal Revenue Code. Accordingly, the organization's exempt status should be revoked effective January 1, 20XX.

Taxpayer's Position: None.

Conclusion: Based upon the information noted above, it is proposed that the exempt status of the organization be revoked effective January 1, 20XX. Form 1120, *U.S. Corporation Income Tax Return* should be obtained for the year ended December 31, 20XX, and for future tax years.

The organization may re-apply for tax exemption under IRC 501(c)(3).

Please note that this is not a final report. The draft report is subject to review and modification by our Mandatory Review staff. You will receive the final report from Mandatory Review.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12

LEGEND

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ATTACHMENT TO FINAL ADVERSE DETERMINATION LETTER DATED JANUARY 10, 20XX

“Our records indicate that in 20XX your organization received gross receipts in excess of \$. According to Form W-2 statements for the 20XX tax year, your organization paid wages to employees in the amount of \$. Your organization has not filed either Form 990 or Form 941 for 20XX, nor have you adequately responded to requests for information.

Under I.R.C. § 6033(a), an exempt organization receiving over \$ in gross receipts must file a Form 990. Since your organization received in excess of \$25,000.00 for 20XX, you were required to file a Form 990.

I.R.C. § 6011(a) provides that any person made liable for any tax, or for the collection of the tax, must make a return or statement according to the forms or regulations prescribed by the Secretary. Under Treas. Reg. § 31.6011(a)-1, an employer that is required to deduct and withhold income tax must file a Form 941, Employer’s Quarterly Federal Tax Return. Since your organization withheld tax on \$ of wages for 20XX, you were required to file a Form 941.

Under Treas. Reg. § 1.6033-2(i)(2), every organization exempt from tax, whether or not it is required to file an annual information return, shall submit additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status. During our examination we made several requests for information, but you failed to supply the requested information.

Accordingly, you have failed to meet the requirements for an organization described in I.R.C. § 501(c)(3) and exempt from tax under section 501(a). You have failed to provide information and establish that you are operated exclusively for an exempt purpose. Accordingly, your exempt status is revoked effective January 1, 20XX.”