



**DEPARTMENT OF THE TREASURY**

Internal Revenue Service  
TE/GE EO Examinations  
MC:4920:DAL:OS  
1100 Commerce St.  
Dallas, TX 75242

501.03-00

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

Release Number: 201035026  
Release Date: 9/3/10  
Legend

May 03, 2010

ORG = Organization name  
XX = Date Address = address

Form Number:  
Tax Year Ended: December 31, 20XX  
Taxpayer Identification Number:  
Person to Contact:  
Employee Identification Number:  
Contact Telephone Number:  
In Reply Refer to: TE/GE Review Staff

**LAST DATE FOR FILING A PETITION  
WITH THE TAX COURT: August 03, 20XX**

Dear

This is a Final Adverse Determination Letter as to your exempt status under section 501(c)(3) of the Internal Revenue Code. Your exemption from Federal income tax under section 501(c)(3) of the code is hereby revoked effective January 1, 20XX. You agreed to this adverse determination, by signing Form 6018, on April 12, 20XX.

Our adverse determination was made for the following reasons:

Organizations described in I.R.C. section 501(c)(3) and exempt under section 501(a) must be organized and operated exclusively for an exempt purposes. You have ceased operating as an exempt organization and providing any activities of any kind. ORG also is not a charitable organization within the meaning of Treasury Regulations section 1.501(c)(3)-1(d). You have not established that you have operated exclusively for an exempt purpose since beginning of January 1, 20XX when Organization ceased all operations and activities.

Based upon these reasons, we are retroactively revoking your IRC §501(c)(3) tax exempt status effective for all years beginning on or after January 1, 20XX.

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, U.S. Corporation Income Tax Return, for the years ended December 31, 20XX, and for all years thereafter with the appropriate Service Center immediately and by the due date of Form 1120 for all subsequent years.

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 initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91<sup>st</sup> day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment.

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 from the site where the tax deficiency was determined by calling (954)423-7677 or writing to:

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.

We will notify the appropriate state officials of this action, as required by IRC §6104(c).

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

Sincerely yours,

Nanette M. Downing  
Director, EO Examinations



**DEPARTMENT OF THE TREASURY**

Internal Revenue Service  
TEGE EO Examinations Group 7949  
9430 Research Blvd., Bldg. 1, Suite 212  
Austin, TX 78759

April 2, 2010

ORG  
ADDRESS

Taxpayer Identification Number:

Form:

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,

Nanette M. Downing  
Acting Director, EO Examinations.

Enclosures:  
Publication 892  
Publication 3498  
Report of Examination

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
Name of Taxpayer <b>ORG</b>		Year/Period Ended December 31, 20XX

**LEGEND**

ORG = Organization name      XX = Date      State = state

**ISSUE:**

Whether \_\_\_\_\_, continues to qualify for exemption as an organization described within Internal Revenue Code 501(C)(3) due to inactivity for several years including the year of examination.

**FACT:**

ORG was incorporated under the laws of the State of State as a non-profit corporation on January 10, 20XX. In a determination letter dated December 27, 20XX ORG, \_\_\_\_\_ was determined to be exempt from federal income tax as an organization described in IRC Section 501(c)(3).

During the onsite audit on 10/31/20XX the incorporator of the organization stated that the organization stopped existing since July 20XX. The organization established for foster care for kids and had a contract for one year with a State of State.

The organization role is to provide foster homes for \_\_\_\_\_ kids. The organization was running for almost 10 months until the contract was suspended by the State of State due to as the organization incorporator said: they provided the organization with more than \_\_\_\_\_ kids and that was beyond the management ability to control. As a result, the organization dissolved and stopped functioning.

The organization provided during the exam a certificate of administrative dissolution issued from the State of State, Department of State, stating that the ORG, administratively dissolved or revoked effective September 19, 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 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.

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
<b>Name of Taxpayer</b> <b>ORG</b>		<b>Year/Period Ended</b>  December 31, 20XX

Section 1.501(c)(3)-1(a)(1) of the regulations provides that in order to be exempt as an organization described in section 501(c)(3) of the Code, the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3).

Rev. Rul. 59-95, 1959-1 C.B. 627, provides that the failure of an organization to provide requested information about its financial status and operations may result in revocation of its exempt status on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

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) 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.

**TAXPAYER'S POSITION:**

The taxpayer declared that the organization has no operational or financial activities.

**GOVERNMENT'S POSITION:**

The ORG, provided during the exam a certificate of administrative dissolution issued from the State of State, Department of State, stating that the ORG, administratively dissolved or revoked effective September 19, 20XX. The Government position is that, the organization has been inactive for several years now and that there have been no operations or financial activities conducted.

You have 30 days to provide us with a formal written response for the information written above. If the Service does not have the information within 30 days, the Service will have no other option than to proceed with final revocation. ORG fails to meet the operational requirements for continued exemption under IRC 501(c) (3).

**CONCLUSION:**

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
<b>Name of Taxpayer</b> <b>ORG</b>		<b>Year/Period Ended</b>  December 31, 20XX

The organization does not qualify for exemption under section 501(c) (3) and its tax exempt status should be revoked effective January 1, 20XX. Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

Send formal written response within 30 days from the date of this letter to: