



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TE/GE: EO Examination
1100 Commerce, Mail Stop 4920 DAL
Dallas, Texas 75242

TAX EXEMPT AND
GOVERNMENT
ENTITIES

501.19-00

Date: October 27, 2010

Release Number: 201103062

Release Date: 1/21/11

LEGEND

ORG = Organization name XX = Date Address = address

ORG
ADDRESS

Person to Contact:
Identification Number:
Contact Phone Number:
In Reply Refer to: TE/GE Review Staff

Dear

As the result of our examination of your Form 990 for the period ending December 31, 20xx, it was determined that your activities are those described in section 501(c)(7) of the Internal Revenue Code. Therefore, we have modified your status from that of a veterans organization described under section 501(c)(19) to that of a social club described under section 501(c)(7) of the Code, effective January 1, 20xx. You have agreed to this modification by signing Form 6018-A. Your exemption under section 501(c)(19) of the Code is no longer in effect.

Contributions are not deductible to organizations described under section 501(c)(7). A section 501(c)(7) organization is permitted to receive up to 35 percent of its gross receipts, including investment income, from sources outside of its membership without losing its tax-exempt status. Of the 35 percent, not more than 15 percent of the gross receipts may be derived from the use of the club facilities or services by the general public. Income in excess of these limits may jeopardize your continued tax-exempt status.

You are required to file the Form 990 if your gross receipts are normally more than \$. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$ a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$ or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

Please keep this letter as part of your permanent records. If you have any questions, please contact the person whose name and telephone number are 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 yours,

Nanette M. Downing
Director, EO Examinations



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

TE/GE EO Examinations

1601 Market Street, 19th floor

Philadelphia, PA 19103

Date: 9/20/10

ORG
ADDRESS

Form Number: 990
Tax Year Ended:
Taxpayer Identification Number:
Person to Contact:
Employee Identification Number:
Employee Telephone Number:
(Phone)
(Fax)

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Dear

We have enclosed a copy of our report of examination explaining why we believe an adjustment of your organization's exempt status is necessary.

If you accept our findings, please sign and return the enclosed Form 6018-A, *Consent to Proposed Action*. We will then send you a final letter modifying your exempt status.

If we do not hear from you within 30 days from the date of this letter, we will process your case on the basis of the recommendations shown in the report of examination and this letter will become final. In the event of revocation, you will be required to file Federal income tax returns for the tax period(s) shown above. If you have not yet filed these returns, please file them with the examiner as soon as possible, unless a report of income tax liability was issued to you with other instructions. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

If you do not agree with our position, you may appeal your case. The enclosed Publication 3498, *The Examination Process*, explains 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. Please note that Fast Tract Mediation Services referred to in Publication 3498, do not apply to Exempt Organizations.

If you request a conference, we will forward your written statement of protest to the Appeals Office and they will contact you. For your convenience, an envelope is enclosed.

In lieu of Letter 3610

If you and Appeals do not agree on some or all of the issues after your Appeals conference, or if you do not request an Appeals conference, you may file suit in the United States Tax Court, the United States Court of Federal Claims, or the United States District Court, after satisfying procedural and jurisdictional requirements as described in Publication 3498.

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

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
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Form 6018-A
Report of Examination
Envelope

In lieu of Letter 3610

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS		Schedule number or exhibit
Name of taxpayer	Tax Identification Number		Modification of Status
ORG			Year/Period ended 2007XX

LEGEND

ORG = Organization name XX = Date

GOVERNMENT'S POSITION

Internal Revenue Code Section 501(c)(7) provides for the recognition of exemption from taxation for clubs organized for pleasure, recreation, and other non profitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

Whereas the Veterans of Andalusia serves as the Home Association for a qualified veterans' organization described in IRC Section 501(c)(19), it was determined that the ORG, does qualify for exemption as a Social and Recreation Club under Internal Revenue Code Section 501(c)(7).

CONCLUSION:

Whereas the organization no longer qualifies for exemption under IRC Section 501(c)(19) but does qualify for exemption under IRC Section 501(c)(7). The organization consents to the proposed action effective January 1, 20XX,