

Internal Revenue Service
TEGE Appeals Programs
300 N. Los Angeles Street
Los Angeles, CA 90012

Release Number: **201231017**
Release Date: 8/3/2012
Date: May 10, 2012

Department of the Treasury
CERTIFIED



Taxpayer Identification Number:


Person to Contact:

Employee ID Number:

Tel:

Fax:

Refer Reply to:

In Re: Exempt status

Tax Years:

UIL Index:

501.03-00

Dear

This is a final adverse determination as to your exempt status under section 501(a) as an organization described under section 501(c)(3) of the Internal Revenue Code. Our adverse determination was made for the following reason(s):

You did not establish that you are observing the conditions required for the continuation of exempt status. You did not establish that you were operated exclusively for educational, charitable or other exempt purposes as required by section 501(c)(3) of the Internal Revenue Code.

Contributions to your organization are not deductible under Code § 170. You are required to file federal Form 1120 for the year(s) shown above.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United

States Court of Claims, or the district court of the United States for the District of Columbia must be filed before the 91st (ninety-first) day after the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment. To secure a petition form from the United States Tax Court, write to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217.

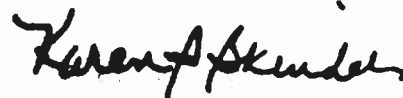
You also have the right to contact the Office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call 1-877-777-4778, and ask for Taxpayer Advocate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

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals procedures, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, or 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 final adverse determination of your exempt status, as required by Code section 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,



Karen A. Skinder
Appeals Team Manager

cc:

Internal Revenue Service

Department of the Treasury

TE/GE Division
450 Golden Gate Avenue MS SF 7-4-01
San Francisco, California 94102-3412

Date:

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, please sign and return the enclosed Form 6018, Consent to Proposed Adverse Action. We will send you a final modification or 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
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended
ORG	EIN	Dec 31, 20XX and 20XX

ISSUE:

Is ORG exempt from tax under Internal Revenue Code Section 501(c)(3)?

FACTS:

Internal Revenue Service records show that ORG was recognized as exempt under section 501(c)(3) of the Internal Revenue Code in October 19XX.

The Internal Revenue Service received Form 990-PF for the year ending December 31, 20XX from _____ on December 16, 20XX. It received Form 990-PF for the year ending December 31, 20XX on February 16, 20XX. The Internal Revenue service has no record of receiving any Forms 990-PF for any subsequent years.

On March 1, 20XX, the Internal Revenue Service sent Letter 3611, Publication One and Form 4564, Information Document Request to ORG. Information was requested for the year ending December 31, 20XX. The letter set an examination appointment for March 30, 20XX.

PRESIDENT, President of ORG, met with the Internal Revenue Service on June 9, 20XX. He was interviewed, but did not have any of the documents requested on March 1, 20XX.

On June 10, 20XX, the Internal Revenue Service sent another Form 4564, Information Document Request to ORG. The form asked ORG to have the requested documents available at the next appointment, set for July 19, 20XX.

PRESIDENT, President of ORG, met with the Internal Revenue Service on July 19, 20XX. He did not have any of the documents requested on June 10, 20XX.

On July 19, 20XX, the Internal Revenue Service sent another Form 4564, Information Document Request to ORG. The form asked OR to mail the requested documents by August 9, 20XX.

On August 9, 20XX, the Internal Revenue Service received some of the documents requested: Bank statements and cancelled checks for 20XX.

On September 20, 20XX, the Internal Revenue Service sent another Form 4564, Information Document Request to ORG. The documents requested were for brokerage accounts, a copy of the court's decision in a lawsuit filed against ORG, and documentation for expense reimbursement paid to PRESIDENT.

On November 22, 20XX, the Internal Revenue Service sent another copy of the September 20, Document Request with the notation stating "Second copy of this request Please respond."

On November 24, 20XX, the Internal Revenue Service sent Letter 3606, Publication One and Form 4564, Information Document Request to ORG asking for information regarding the Form 990-PF filed for the year ending December 31, 20XX. The documents requested were copies of brokerage statements, bank statements, cancelled checks, and documents explaining the exempt purpose of \$ in other expenses shown in Statement 3 attached to the return.

On November 29, 20XX, the Internal Revenue Service sent a letter by certified mail to ORG noting that it had no record that the organization had filed Forms 990-PF for the year 20XX and that the return was past due. The letter asked that the organization file the returns with the examining agent within 90 days or explain why they were not due.

On January 5, 20XX, the Internal Revenue Service sent Letter 1477 by certified mail to ORG with copies of the last document request. Letter 1477 gives the organization 15 days to respond and noted that failure to respond would result in revocation.

On March 18, 20XX received a copy of the court's decision in a lawsuit filed against ORG by e-mail, but no other requested documents.

The Internal Revenue Service has no record of receiving the past due return or the documents requested by the last Forms 4564, Information Document Request, other than the court decision.

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended
ORG	EIN	Dec 31, 20XX and 20XX

LAW:

Internal Revenue Code section 501(c)(3) provides for exemption from tax for "Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Internal Revenue Code section 6033(a)(1) provides that "...every organization exempt from taxation 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 purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and shall 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;..."

§1.6033-2(i)(2) of the Income Tax Regulations provides that "Every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status and administering the provisions of subchapter F (section 501 and following), chapter 1 of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code."

Revenue Ruling 59-95, 1959-1 CB 627, held that, failure or inability to file the required information return or otherwise to comply with the provision 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 an exempt status.

GOVERNMENT'S POSITION:

Despite repeated requests, ORG has not responded to requests for information, has not filed a past due return nor has it explained why the return for 20XX might not be due. Because of its failure to observe the conditions for the continuation of an exempt status, its exempt status should be revoked as of January 1, 20XX.

TAXPAYER'S POSITION:

ORG has not submitted its position.

CONCLUSION:

Exemption under section 501(c)(3) of the Internal Revenue Code is revoked effective January 1, 20XX. The organization is required to file forms 1120, US Corporation Income Tax Returns, for 20XX and all subsequent years.