



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
TEGE EO Examinations Mail Stop 4920 DAL  
1100 Commerce St.  
Dallas, Texas 75242

Date: April 19, 2017

Number: **201749015**  
Release Date: 12/8/2017

Taxpayer Identification Number:

Person to Contact:

Employee Identification Number:

Employee Telephone Number:

UIL: 501.03-00

**CERTIFIED MAIL – RETURN RECEIPT**

Dear \_\_\_\_\_ :

**This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code. Our favorable determination letter to you dated August 20xx is hereby revoked and you are no longer exempt under section 501(a) of the Code effective January 1, 20xx.**

**The revocation of your exempt status was made for the following reason(s):**

**Organizations described in IRC 501(c)(3) and exempt under section 501(a) must be both organized and operated exclusively for exempt purposes. You have failed to produce documents to establish that you are operated exclusively for exempt purposes and that no part of your net earnings inures to the benefit of private shareholders or individuals. You failed to respond to repeated reasonable requests to allow the Internal Revenue Service to examine your records regarding your receipts, expenditures, or activities as required by sections 6001 and 6033(a)(1) of the Code and Rev. Rul. 59-95, 1959-1 C.B. 627. You did provide information stating that your organization has been inactive and that there have been no operations conducted or planned. As such, you fail to meet the operational requirements for continued exemption under section 501(c)(3).**

**Contributions to your organization are no longer deductible under IRC §170 after January 1, 20xx.**

**You are required to file income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the tax year ending January 1, 20xx, and for all tax years thereafter in accordance with the instructions of the return.**

**Processing of income tax returns and assessments 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 under the declaratory judgment provisions of section 7428 of the Code, a petition to the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia must be filed before the 91<sup>st</sup> Day after the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing petitions for declaratory judgments by referring to the enclosed Publication 892. You may write to the United States Tax Court at the following address:**

**United States Tax Court  
400 Second Street, NW  
Washington, DC 20217**

**You also have the right to contact the Office of the Taxpayer Advocate. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit [taxpayeradvocate.irs.gov](http://taxpayeradvocate.irs.gov) or call 1-877-777-4778. If you prefer, you may contact your local Taxpayer Advocate at:**

**Internal Revenue Service  
Office of the Taxpayer Advocate**

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

**Sincerely,**

**Maria Hooke  
Director, EO Examinations**

**Enclosures:  
Publication 892**

**Internal Revenue Service  
Tax Exempt and Government Entities Division  
Exempt Organizations: Examinations**

**Department of the Treasury**

**Date: November 18, 2015  
Taxpayer Identification Number:**

**Form:**

**Tax Year(s) Ended:**

**Person to Contact/ID Number:**

**Contact Numbers:**

Telephone:

Fax:

**Manager's name/ID number:**

**Manager's contact number:**

**Response due date:**

**Certified Mail – Return Receipt Requested**

Dear \_\_\_\_\_ :

**Why you are receiving this letter**

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code (Code). Enclosed is our report of examination explaining the proposed action.

**What you need to do if you agree**

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3).

After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

**If we don't hear from you**

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

**Effect of revocation status**

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

**What you need to do if you disagree with the proposed revocation**

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also may file a protest with the IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

**Contacting the Taxpayer Advocate Office is a taxpayer right**

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't 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:

Internal Revenue Service  
Office of the Taxpayer Advocate

**For additional information**

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,

Margaret Von Lienen  
Director, EO Examinations

Enclosures:  
Form 6018 Consent to Proposed Action  
Form 886-A Report of Examination  
Publication 892  
Publication 3498

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>Year/Period Ended</b> December 31, 20xx

**ISSUES:**

Should the tax exempt status be revoked if the exempt organization fails to provide financial and operational statements upon request from the Service due to no longer being operational and not conducting activities of any kind?

**FACTS:**

During a compliance examination for \_\_\_\_\_ an exempt organization under section 501(c)(3) of the code, an Information Document Request was given requesting the Organization to provide the Service with the necessary documents to support compliance with section 501(c)(3) .

Multiple phone calls and Information Document Requests have been sent to the Organization in order to obtain information on the Organizations Activities and finances. The Information requested has not been received from the Organization.

The Organization's President, and original organizer, ceased organization operations and activities due to \_\_\_\_\_ and has moved out of the area of operation for the Organization. The Organization's President has stated that she has no intention of moving back to the area of operation and/or starting activities again.

The Organization President stated that the Organization has discontinued activities and has no intention of having activities in the future.

Attempts made to contact members of the limited Board of Directors have not been successful.

The Organization is a 990-N filer.

**LAW :**

I.R.C. § 501 (c)(3)-1

(a) Organizational and operational tests.

(1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

(2) The term exempt purpose or purposes, as used in this section, means any purpose or purposes specified in section 501(c)(3), as defined and elaborated in paragraph (d) of this section.

(c) Operational test—

(1) Primary activities. 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). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

(2) Distribution of earnings. An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or

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>Year/Period Ended</b> December 31, 20xx

individuals. For the definition of the words private shareholder or individual, see paragraph (c) of § 1.501(a)-1.

I.R.C. § 6001. Notice or regulations requiring records, statements, and special returns  
Every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not such person is liable for tax under this title. The only records which an employer shall be required to keep under this section in connection with charged tips shall be charge receipts, records necessary to comply with section 6053(c), and copies of statements furnished by employees under section 6053(a).

I.R.C. § 6001-1 Records.

(a) In general. Except as provided in paragraph (b) of this section, any person subject to tax under Subtitle A of the Code (including a qualified State individual income tax which is treated pursuant to section 6361(a) [26 USCS § 6361(a)] as if it were imposed by Chapter 1 of Subtitle A), or any person required to file a return of information with respect to income, shall keep such permanent books of account or records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by such person in any return of such tax or information.

(b) Farmers and wage-earners. Individuals deriving gross income from the business of farming, and individuals whose gross income includes salaries, wages, or similar compensation for personal services rendered, are required with respect to such income to keep such records as will enable the district director to determine the correct amount of income subject to the tax. It is not necessary, however, that with respect to such income individuals keep the books of account or records required by paragraph (a) of this section. For rules with respect to the records to be kept in substantiation of traveling and other business expenses of employees, see § 1.162-17.

(c) Exempt organizations. In addition to such permanent books and records as are required by paragraph (a) of this section with respect to the tax imposed by section 511 [26 USCS § 511] on unrelated business income of certain exempt organizations, every organization exempt from tax under section 501(a) [26 USCS § 501(a)] shall keep such permanent books of account or records, including inventories, as are sufficient to show specifically the items of gross income, receipts and disbursements. Such organizations shall also keep such books and records as are required to substantiate the information required by section 6033 [26 USCS § 6033]. See section 6033 [26 USCS § 6033] and §§ 1.6033-1 through 1.6033-3.

(d) Notice by district director requiring returns statements, or the keeping of records. The district director may require any person, by notice served upon him, to make such returns, render such statements, or keep such specific records as will enable the district director to determine whether or not such person is liable for tax under Subtitle A of the Code, including qualified State individual income taxes, which are treated pursuant to section 6361(a) [26 USCS § 6361(a)] as if they were imposed by Chapter 1 of Subtitle A.

(e) Retention of records. The books or records required by this section shall be kept at all times available

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

for inspection by authorized internal revenue officers or employees, and shall be retained so long as the contents thereof may become material in the administration of any internal revenue law.

I.R.C. § 6033-1 Returns by exempt organizations; taxable years beginning before January 1, 1970.

(a) In general. (1) Except as provided in section 6033(a) [26 USCS § 6033(a)] and paragraph (g) of this section, every organization exempt from taxation under section 501(a) [26 USCS § 501(a)] shall file an annual return of information specifically stating its items of gross income, receipts and disbursements, and such other information as may be prescribed in the instructions issued with respect to the return. Such information return shall be filed annually regardless of the amount or source of the income or receipts of the organization. Except as provided in paragraph (d) of this section, such return shall be filed annually regardless of whether such organization is chartered by, or affiliated or associated with, any central, parent, or other organization.

I.R.C. § 6033. Returns by exempt organizations.

(a) Organizations required to file.

(1) In general. Except as provided in paragraph (3), every organization exempt from taxation under section 501(a) [IRC Sec. 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; except that, in the discretion of the Secretary, any organization described in section 401(a) [IRC Sec. 401(a)] may be relieved from stating in its return any information which is reported in returns filed by the employer which established such organization.

I.R.C. § 7602. Examination of books and witnesses

(a) Authority to summon, etc.--For the purpose of ascertaining the correctness of any return, making a return where none has been made, determining the liability of any person for any internal revenue tax or the liability at law or in equity of any transferee or fiduciary of any person in respect of any internal revenue tax, or collecting any such liability, the Secretary is authorized--

(1) To examine any books, papers, records, or other data which may be relevant or material to such inquiry;

(2) To summon the person liable for tax or required to perform the act, or any officer or employee of such person, or any person having possession, custody, or care of books of account containing entries relating to the business of the person liable for tax or required to perform the act, or any other person the Secretary may deem proper, to appear before the Secretary at a time and place named in the summons and to produce such books, papers, records, or other data, and to give such testimony, under oath, as may be relevant or material to such inquiry; and

(3) To take such testimony of the person concerned, under oath, as may be relevant or material to such inquiry.



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>Year/Period Ended</b> December 31, 20xx

(b) Purpose may include inquiry into offense.--The purposes for which the Secretary may take any action described in paragraph (1), (2), or (3) of subsection (a) include the purpose of inquiring into any offense connected with the administration or enforcement of the internal revenue laws.

I.R.C. § 7203. Willful failure to file return, supply information, or pay tax.

Any person required under this title to pay any estimated tax or tax, or required by this title or by regulations made under authority thereof to make a return, keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$ 25,000 (\$ 100,000 in the case of a corporation), or imprisoned not more than 1 year, or both, together with the costs of prosecution. In the case of any person with respect to whom there is a failure to pay any estimated tax, this section shall not apply to such person with respect to such failure if there is no addition to tax under section 6654 or 6655 [IRC Sec. 6654 or 6655] with respect to such failure. In the case of a willful violation of any provision of section 6050I [IRC Sec. 6050I], the first sentence of this section shall be applied by substituting "felony" for "misdemeanor" and "5 years" for "1 year".

Rev Rule 59-95

An organization previously held exempt from Federal income tax was requested to produce a financial statement as of the end of the year and a statement of its operations during such year. However, its records were so incomplete that it was unable to furnish such statements. Section 6033 of the Internal Revenue Code of 1954 provides that every organization, except as provided therein, exempt from taxation under section 501 (a) of the Code shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and shall keep such records, render under oath such statements, make such other returns and comply with such rules and regulations as the Secretary of the Treasury or his delegate may from time to time prescribe. *Held*, 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 [\*2] not established that it is observing the conditions required for the continuation of an exempt status.

**TAXPAYER'S POSITION:**

The Organization President stated that the Organization has discontinued activities and has no intention of having activities in the future.

**GOVERNMENT'S POSITION:**

The Organization has ceased activities and there are no plans to resume operations in the near future. There is no officer or board of directors to manage the operation of the Organization or to continue its activities. The Organization no longer meets the operational requirements under I.R.C. § 501 (c)(3)-1(a) and (c) since it has ceased all of its activities.

The Organization has continued to fail to comply substantially with the law and regulations for maintaining adequate books and records, or fails to provide requested information.

In accordance with § 6001 the Organization is responsible to maintain sufficient records and provide to be examined by the Service as authorized by § 7602(a)(1). Where the organization will not supply the

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>Year/Period Ended</b> December 31, 20xx

information necessary to enable the Service to make a determination as to whether there have been any substantial changes in the organization's character, purpose, or method of operation, and there is a substantial doubt that the organization should continue to be exempt.

**CONCLUSION:**

The Organization's exempt status should be revoked due to the discontinuance of activities and failure to provide the Service with sufficient information to determine the Organization is operating with the meaning of Section 501(c)(3).

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>Year/Period Ended</b> December 31, 20xx

**Additional Contact information**

**4/01/20xx** Called to set up appointment. Appointment set for 5/4/20xx, 2:00. The TP did say that she was possibly going to have \_\_\_\_\_ around that time depending on availability.

**4/6/20xx** Prepared initial Letter and IDR package and sent it to TP.

**4/27/20xx** TP called to inform that she \_\_\_\_\_ that would start during the audit and requested the audit be put off until \_\_\_\_\_ is completed. \_\_\_\_\_ requested that she be there for the interview as the rest to the organization are volunteers who would not have sufficient knowledge of the Organization's operation and she would be the person with the highest level of knowledgeability for accurate information.

She will send some copies of the documentation requested so we can start filling out the examination paperwork prior to the onsite.

She will know when the treatment will be completed in approximately 2 weeks from the start of the treatment.

**6/4/20xx** Called for an update on the availability of \_\_\_\_\_ to attend an initial interview.

She asked if we have received the documentation that she had sent to the office. She was informed that there has been no receipt of the documentation.

She said she will call back with more information

**6/15/20xx** Called and left a voicemail for \_\_\_\_\_ for an update on availability for the audit.

**7/1/20xx** Received voicemail stating that \_\_\_\_\_ and to call.

Returned the call and was informed that \_\_\_\_\_ has moved to \_\_\_\_\_ permanently and is undecided what to do with the Organization.

\_\_\_\_\_ stated that the documentation for the initial IDR was given to a volunteer to mail but she has not seen the volunteer or the receipt since it was given to the volunteer and assumes that the documentation is now lost. She has requested the records from the bank to send to our office but the lead time for the bank information is up to 6 weeks.

**8/6/20xx** Called for an update on the status of the documentation requested. Did not receive and answer. Left a voice mail for a call back.

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

**8/10/20xx** Received a call from the EO and they have decided to terminate the Organization due to the relocation in .

The Bank statements were mailed but returned to the bank. The correct address has been given to the EO and the statements will be re-sent.

Informed the EO of the requirements of the termination and that they will need to send additional documentation showing the termination filed with the Secretary of State and a statement of the distribution on the assets(if any).

**8/25/20xx** Called and left a voice mail for a call back to ask if the documentation to dissolve the Organization has been filed and to ask about the documentation that has been requested but has not been received.

Prepared a 2<sup>nd</sup> IDR and letter to advise the EO of the consequences of not providing the documentation.

**8/31/20xx** Received call from EO stating that the Bank still has the statements that have been requested and the bank is requiring proof of the change of address in order to mail the information as a privacy measure.

They have contacted the Secretary of State in order to file a dissolution however they were not incorporated but instead filed Articles of Association. Therefore they were not required to file the dissolution with the State of .

**9/14/20xx** Received the undeliverable returned mailing of the 2<sup>nd</sup> IDR package. Noticed the envelope for the reason being incomplete address because of the suite number was missing. I will resend the package with the suite number added

**9/17/20xx** Prepared the IDR packet and mailing information and sent the package.  
Due date is 9/25/20xx confirmed delivery of package 9/29/20xx

**10/5/20xx** Called and left a voicemail for a call beck to set a time for an interview.

**10/14/20xx** Sent the 4<sup>th</sup> Document request requesting information no later than 11/13/20xx With a cover letter stating the consequences of not responding.

“ It is imperative that your organization provide the documentation requested by the time stated on the Information Document Request Form 4564, **or action will be taken to revoke the organization’s exempt status.**” And verified that the package was delivered 10/19/20xx