



DEPARTMENT OF THE TREASURY

**INTERNAL REVENUE SERVICE
1100 Commerce Street, MC 4920DAL
Dallas, TX 75242**

**TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION**

Date: January, 13, 2020

Number: **202052012**

Release Date: 12/24/2020

UIL: 501-04.00

EIN:

Form:

Tax Period(s) Ended:

Person to Contact:

Identification Number:

Telephone Number:

Fax:

**CERTIFIED MAIL – Return Receipt Requested
LAST DAY FOR FILING A PETITION WITH THE TAX
COURT:**

Dear

This is a final determination that you don't qualify for exemption from federal income tax under section 501(a) of the Internal Revenue Code (the "Code") as an organization described in section 501(c)(4) for the tax period(s) above.

Our adverse determination as to your exempt status was made for the following reason(s):

You have been inactive for multiple years and have failed to meet record keeping requirements per section 6001 of the Code. 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 section 6001 and IRC 6033(a)(1) and the regulations thereunder.

Organizations that are not exempt under section 501 of the Code generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms, and information please visit www.irs.gov.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment by referring to the enclosed Publication 892. You may write to the courts at the following addresses:

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

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439

U. S. District Court for the District of Columbia
333 Constitution Ave., NW
Washington, DC 20001

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under section 7428 of the Code.

You may also be eligible for help from the Taxpayer Advocate Service (TAS). 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 www.taxpayeradvocate.irs.gov or call 1-877-777-4778.

Taxpayer Advocate assistance can't be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in 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 can get any of the forms or publications mentioned in this letter by calling 800-TAX-FORM (800-829-3676) or visiting our website at www.irs.gov/forms-pubs.

If you have questions, you can contact the person listed at the top of this letter.

Enclosures:
Publication 892

Sincerely,

Maria D. Hooke

Maria D. Hooke
Director, EO Examinations



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities Division
Exempt Organizations Examination

Date:
05/30/2019
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Employee ID:
Telephone:
Fax:
Address:

Manager's contact information:

Employee ID:
Telephone number:
Response due date:

CERTIFIED MAIL – Return Receipt Requested

Dear _____ :

Why you're receiving this letter

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(4) for the periods above.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

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 adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right

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 www.taxpayeradvocate.irs.gov or call 877-777-4778.

Additional information

You can get any of the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,
**Jonathan F.
Beccarelli**
for Maria Hooke
Director, Exempt Organizations Examinations

Enclosures:

Form 886-A

Form 6018

Form 4621-A

Publication 892

Publication 3498

Form 886-A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit:
Name of Taxpayer		Year/Period Ended June 30, 20XX

Issues:

- Whether the (AKA: ") ("Organization") exempt status should be revoked for failing to operate for exempt purpose activities.

Facts:

Per records ("IDRS") with the Internal Revenue Service ("IRS"), the Organization is exempt under Internal Revenue Code ("IRC") Section ("Sec.") 501(c)(4). IDRS also shows the Organization's exemption is listed under group exemption code ; the ruling date is ; and, the status code date is 20XX.

Per the records filed with the IRS, the Organization has not filed the Form 990 ("F990") since the year ending June 30, 20XX ("20XX"). Per the 20XX F990, Section B, the section indicating the Organization's address change, termination, and all other boxes were left unchecked/unmarked. Per the corporation commission at the State of , the Organization's status is inactive.

Per the 20XX F990, the Organization:

- generated income (totaling: \$0.00)
- incurred expense (totaling: \$0.00)
- had cash assets (totaling: \$0.00), and
- owned land, buildings, and equipment (totaling: \$0.00 (by the end of the year)).

Within the F990, Part VII, Section A, subsection A, the Organization's reported (in part) its officers consisted of:

- ("), as the Organization's Commander
- ("), as the Organization's Alternate Treasurer

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On 03/20/20XX, the government mailed Letter 3611, *EO Initial Appointment - No Prior Contact* (“L3611”), with an Information Document Request number 1 (“IDR” and “1”), and Publication 1 (“Pub 1”). On 03/28/20XX, the government received (from by the Post Office) the mail sent on 03/20/20XX. The returned mail was marked as “not deliverable.”

On 03/29/20XX, the government called the Organization’s facility. However, the call did not go through because the phone number was disconnected. On 04/03/20XX, the government called and left a voicemail asking for a call back. The government then called and got ahold of . Per oral testimony, stopped being the Organization’s Alternate Treasurer about 6 months (or more) before the Organization closed. was unsure why the Organization closed; and, provided a current phone number for . The government called multiple times. However, the only communication with was via voicemail. The government called other officers. However, no calls were returned.

On 04/18/20XX, the government sent a Form 4759 (“Postal Tracer”) to the Postmaster within the Organization’s zip code. On 05/13/20XX, the government received a copy of the completed Postal Tracer from the Postmaster. Per the Postal Tracer, the box “Not Known at Address Given” was marked.

On 05/13/20XX, the government called and left a voicemail for the Organization’s Return Preparer (“”). The government also called the State level entity. After speaking in general terms about the entity, the individual provided the contact number to the entity at the National level (“Parent”). The government called the Organization’s Parent and left a generic voicemail asking for a call back.

On 05/14/20XX, the government received a call and spoke with . Per , the Organization closed because they had issues paying their mortgage. also stated that no subsequent F990 was filed because the Organization did not provide the necessary records. did not have a contact number to reach anyone from the Organization. The government also contacted the Organization’s Parent (again). After speaking to multiple departments, the government left another voicemail with the Parent. On 05/15/20XX, the government received a call from Parent. The government was again transferred through multiple departments. The government was specific in its discussion about the Organization with only one individual from

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Name of Taxpayer		Year/Period Ended June 30, 20XX

the Organization's Parent ("Parent Rep."). Per the Parent Rep., Parent could not aid the government because records are created, monitored, and stored at the Organization's level.

Law:

Internal Revenue Code ("IRC") Section ("Sec.")

IRC Sec. 501(c)(4) states:

(A) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

(B) Subparagraph (A) shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

IRC Sec. 6001 states: 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).

Form 886-A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit:
Name of Taxpayer		Year/Period Ended June 30, 20XX

IRC Sec. 6033(a)(1) states that, in general, 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; except that, in the discretion of the Secretary, any organization described in section 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.

Treasury Regulation (“Treas. Reg.”)

Treas. Reg. Sec. 1.501(c)(4)-1(a) states that, in general:

(1) A civic league or organization may be exempt as an organization described in section 501(c)(4) if:

- (i) It is not organized or operated for profit; and
- (ii) It is operated exclusively for the promotion of social welfare.

(2) Promotion of social welfare:

(i) An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements. A social welfare organization will qualify for exemption as a charitable organization if it falls within the definition of charitable set forth in paragraph (d)(2) of Sec. 1.501(c)(3)-1 and is not an action organization as set forth in paragraph (c)(3) of Sec. 1.501(c)(3)-1.

Form 886-A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit:
Name of Taxpayer		Year/Period Ended June 30, 20XX

Taxpayer Position:

The taxpayer's response is unknown.

Government's Position:

- Whether the _____ (AKA: _____) ("Organization") exempt status should be revoked for failing to operate for exempt purpose activities.

It is the government's position that the Organization's exempt status should be revoked.

Under IRC Sec. 501(c)(4) civic leagues are operated exclusively for the promotion of social welfare and the net earnings are devoted exclusively to charitable, educational, or recreational purposes. Treas. Reg. Sec. 1.501(c)(4)-1(a) is like IRC Sec. 501(c)(4). Per IRC Sec. 6001, every person liable for any tax, shall keep such records, render, make returns, and comply with such rules and regulations. IRC Sec. 6033(a)(1) states that every organization exempt from taxation under section 501(a) shall file an annual return.

Here, based on the facts and circumstances, the Organization appears to have stopped operating. This is supported via the multiple year unfiled subsequent F990s, records with the Corporation Commission, and oral testimony from _____ and _____, among other things/sources. There is no evidence showing that the Organization is attempting to restructure or that it plans to return. No records were provided to the government to support the Organization was operating as required. There is no additional contact person. The Organization's Parent has stated they cannot provide information about the Organization.

Therefore, given the information above, the Organization failed to operate for exempt purpose activities. Thus, the Organization's exempt status should be revoked.

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Conclusion:

Based upon the facts and circumstances, the (AKA: ”)
 (“Organization”) has failed to operate for exempt purposes; and, to meet reporting requirements.
Thus, the government proposes the Organization’s exempt status be revoked (effective as of July
1, 20XX).