



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
PO Box 2508
Cincinnati, OH 45201

Date: March 7, 2022

Employer ID number:

Form you must file:

Tax years:

Person to contact:

Name:

ID number:

Telephone:

Number: **202222006**
Release Date: 6/3/2022

UIL: 501.10-00

Dear _____ :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(10). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800 829 4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437
Redacted Letter 4034
Redacted Letter 4038



Department of the Treasury
 Internal Revenue Service
 PO Box 2508
 Cincinnati, OH 45201

Date: January 18, 2022

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

U11
 501.10-00

Legend:

- B = State
- C = Date
- D = Name 1
- E = Name 2
- F = County 1
- G = County 2
- H = County 3
- J = County 4
- x percent = Percentage
- y dollars = Amount
- z=Number

Dear _____ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(10). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

Do you qualify for exemption under IRC Section 501(c)(10)? No, for the reasons stated below.

Facts

You are incorporated in the state of B on C as a nonprofit corporation. Your Articles of Incorporation state your specific purpose is "to promote the sport of soccer through support service of providing high quality certified referees to officiate matches for" D.

You develop and maintain a membership consisting of certified D and E soccer referees to support F, G, H, and J counties in the state of B. You also provide education, leadership, and training to develop and refine the soccer officiating skills of your members. You actively recruit, train, and develop new referees to meet the needs of the area D and E soccer organizations. Each member may have to pay an application fee and is required to pay an annual membership fee in order to officiate matches. Required licenses and liability insurance will be provided to your members.

The primary source of your revenue is from billings to schools for refereeing services provided by your member referees. You serve as the administrative body to schedule and assign member referees, collect payments from schools, and pay referees for their officiating services. Payment to the referees will be distributed after an assessment of up to x percent. You expect to distribute around y dollars to your members in z years.

According to Form 1024 Schedule E, you do not operate under the lodge system.

Law

IRC Section 501(c)(8) provides for the exemption from federal income tax of fraternal beneficiary societies, orders, or associations

(A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and

(B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

IRC Section 501(c)(10) provides for the exemption from federal income tax of domestic fraternal societies, orders, or associations operating under the lodge system, the net earnings of which are devoted exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes, and which do not provide for the payment of life, sick, accident, or other benefits.

Treasury Regulation Section 1.501(c)(8)-1(a) states that a fraternal beneficiary society is exempt from tax only if operated under the "lodge system" or for the exclusive benefit of the members so operating. "Operating under the lodge system" means carrying on its activities under a form of organization that comprises local branches, chartered by a parent organization and largely self-governing, called lodges, chapters, or the like. In order to be exempt it is also necessary that the society have an established system for the payment to its members or their dependents of life, sick, accident, or other benefits.

Treas. Reg. Section 1.501(c)(10)-1(a) provides that an organization will qualify for exemption under IRC Section 501(c)(10) if it is a domestic fraternal beneficiary society, order, or association, described in Section 501(c)(8) and the regulations thereunder, except that it does not provide for the payment of life, sick, accident, or other benefits to its members, and devotes its net earnings exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes.

The court in National Union v. Marlow, 74 F. 775, 778-779 (8 Cir. 1896) stated that even if the member of an organization enjoys a common tie or goal, the organization does not serve a fraternal purpose unless its members engage in fraternal activities.

In Philadelphia and Reading Relief Association v. Commissioner, 4 B.T.A. 713 (1926), the court held that an organization of railroad company employees that made payments to members who became disabled because of accident or sickness was not entitled to exemption because it was not "fraternal". The court cited rituals, ceremonies, and regalia as evidence of a fraternal purpose, and was unable to discover a single fraternal feature in its organization, being entirely without social features or fraternal object. The petitioner has neither lodges, rituals, ceremonial, nor regalia; and it owes no allegiance to any other authority or jurisdiction.

Application of law

Treas. Reg. Section 1.501(c)(10)-1(a) provides that an organization will qualify for exemption under IRC Section 501(c)(10) if it is a domestic fraternal beneficiary society, order, or association, described in Section 501(c)(8). As required by Treas. Reg. Section 1.501(c)(8)-1(a), you are not operating under the lodge system. For example, you are not operating in such a manner that comprises local branches chartered by a parent organization and largely self-governing called lodges, chapters, or the like. This precludes exemption under Section 501(c)(10).

You do not meet the definition of fraternal as provided in National Union v. Marlow. You have not provided any evidence that you have rituals, ceremonies or regalia as described in the court case, Philadelphia and Reading Relief Association v. Commissioner. Even though your members may have a common tie, you do not engage in fraternal activities within the meaning of the regulations.

Conclusion

You do not qualify for exemption under IRC Section 501(c)(10) because you are not a fraternal beneficiary society, or an association operating under the lodge system. You are providing specific services to members and you do not have any activities that accomplish fraternal purposes.

If you agree

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

For an officer, director, trustee, or other official who is authorized to sign for the organization:

Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis

for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service
EO Determinations Quality Assurance
Mail Stop 6403
PO Box 2508
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service
EO Determinations Quality Assurance
550 Main Street, Mail Stop 6403
Cincinnati, OH 45202

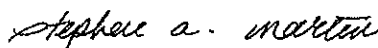
You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get 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 listed at the top of this letter.

Contacting the Taxpayer Advocate Service

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 if 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.

Sincerely,



Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements