



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities  
1100 Commerce Street  
MS 4920 DAL  
Dallas, TX 75242-1100

Date: May 10, 2021

Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Number: **202230016**  
Release Date: 7/29/2022

UIL: 501.03-00

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED:**

Dear

**Why we are sending you this letter**

This is a 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)(3), effective May , 20 . Your determination letter dated April , 20 , is revoked.

Our adverse determination as to your exempt status was made for the following reasons: As a result of our examination of your activities and financial records for the year ending April , 20 we found that your organization has been inactive during 20 and for prior years. We found you conducted no operations or financial activities. As such, you fail to meet the operational requirements for continued exemption under IRC Section 501(c)(3).

Organizations that are not exempt under IRC Section 501 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](http://www.irs.gov).

Contributions to your organization are no longer deductible under IRC Section 170.

**What you must do if you disagree with this determination**

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

**How to file your action for declaratory judgment**

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of IRC Section 7428 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.

Please contact the clerk of the appropriate court for rules and the appropriate forms for filing an action for declaratory judgment by referring to the enclosed Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status. You may write to the courts at the following addresses:

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

U.S. Court of Federal Claims  
717 Madison Place, NW  
Washington, DC 20439

U.S. District Court for the District of Columbia  
333 Constitution Ave., N.W.  
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 IRC Section 7428.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

**Information about the IRS Taxpayer Advocate Service**

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS, or you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Contact your local Taxpayer Advocate Office at:

Internal Revenue Service  
Taxpayer Advocate Office

Telephone:

Fax:

Or call TAS at 877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to [taxpayeradvocate.irs.gov](http://taxpayeradvocate.irs.gov). Do not send your federal court pleading to the TAS address listed above. Use the applicable federal court address provided earlier in the letter. Contacting TAS does not extend the time to file an action for declaratory judgment.

**Where you can find more information**

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

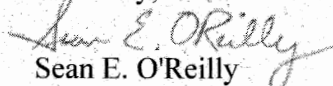
Find tax forms or publications by visiting [www.irs.gov/forms](http://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676).

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

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

Keep the original letter for your records.

Sincerely,



Sean E. O'Reilly

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892

cc:



**Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities**

**Date:** September 30, 2020  
**Taxpayer ID number:**

**Form:**

**Tax periods ended:**

**Person to contact:**

**Name:**  
**ID number:**  
**Telephone:**  
**Fax:**  
**Address:**

**Manager's contact information:**

**Name:**  
**ID number:**  
**Telephone:**  
**Response due date:**

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

**Why you're receiving this letter**

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

**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)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

**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](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.

**For 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](http://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,

*Denise Gonzalez for*

Sean E. O'Reilly  
Director, Exempt Organizations  
Examinations

Enclosures:  
Form 886-A  
Form 6018  
Publication 3498  
Publication 892

Form <b>886-A</b> (May 2017)	Department of the Treasury – Internal Revenue Service <b>Explanations of Items</b>	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

**ISSUE:**

Whether \_\_\_\_\_ (the Organization)'s tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) should be revoked because it has not met the operational test?

**FACTS:**

\_\_\_\_\_ (the "Organization") is recognized as a section 501(c)(3) organization per determination letter from the Internal Revenue Service dated April , 20 . The Organization was classified as a public charity within the meaning of section 509(a)(1) and 170(b)(1)(A)(vi).

The Organization was incorporated in State of \_\_\_\_\_ as a Domestic Not-for-Profit Corporation on May , 20 . The Certificate of Incorporation indicates it was formed for the purposes of providing educational and cultural programs, \_\_\_\_\_ training and performing to the general public.

Form \_\_\_\_\_ for the tax year ending April , 20 \_\_\_\_\_ was selected for an examination and it was the final return filed by the Organization.

According to Schedule A of Form \_\_\_\_\_, there was no income or public support for the last \_\_\_\_\_ years. And the sole expense was from accounting fees and state filing fees in total amount of \$ \_\_\_\_\_. Per cancelled checks provided, these fees were paid through \_\_\_\_\_ personal bank account. \_\_\_\_\_ is the board president of the Organization.

The return reported the assets as follows:

	Beginning Balance	Ending Balance
Cash: non-interest-bearing	\$ _____	\$ _____
Intangible assets	\$ _____	\$ _____
Total assets	\$ _____	\$ _____

The return reported the liabilities as follows:

	Beginning Balance	Ending Balance
Loan payables to officer	\$ _____	\$ _____
Other liabilities	\$ _____	\$ _____
Total liabilities	\$ _____	\$ _____

Form <b>886-A</b> (May 2017)	Department of the Treasury – Internal Revenue Service <b>Explanations of Items</b>	Schedule number or exhibit
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During the examination, \_\_\_\_\_, the board president, stated the Organization has ceased operations since 20\_\_\_\_ which includes the year of examination. \_\_\_\_\_ has confirmed there were no activities, no income and no actual assets since 20\_\_\_\_ and the year under examination. The assets and liabilities reported on the last return were merely numbers carried from the year 20\_\_\_\_. No actual records provided to support these assets and liabilities on the return.

In addition, the Organization provided a letter dated February \_\_\_\_\_, 20\_\_\_\_, that confirms it was no longer operational since the year 20\_\_\_\_:

- There has been no activity since the year 20\_\_\_\_.
- The balances (assets and liabilities) were carried from 20\_\_\_\_ to the year that it decided to file the final return.
- Bank account was actually closed long time ago and \_\_\_\_\_, the board president, attempted to retrieve the final bank statements from the bank institution but was told no record anymore.
- Over the last \_\_\_\_\_ years (since the year 20\_\_\_\_), all accounting fees and annual state filing fees were paid from \_\_\_\_\_, the board president's personal fund. And those were recorded as loan (payables) to officer.
- Assets and liabilities were write-off upon filing the final return.
- A copy of Certificate of Withdrawal filed with the State of \_\_\_\_\_ on February \_\_\_\_\_, 20\_\_\_\_ was attached to the letter which shows it has ceased doing business in State of \_\_\_\_\_.
- It is in progress of filing the Certificate of Dissolution with the State of \_\_\_\_\_.

According to \_\_\_\_\_ of \_\_\_\_\_ of \_\_\_\_\_, the Organization's corporate status is still active.

Information Document Requests (IDRs) were sent to request Certificate of Dissolution issued by state of incorporation, \_\_\_\_\_, the board president, has been attempting to dissolve with \_\_\_\_\_ since March 20\_\_\_\_. In September 20\_\_\_\_, \_\_\_\_\_ provided a copy of the letter received from \_\_\_\_\_ stating its submission for dissolution was rejected because of improper procedures and incorrect forms used.

Form <b>886-A</b> (May 2017)	Department of the Treasury – Internal Revenue Service <b>Explanations of Items</b>	Schedule number or exhibit
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**LAWS:**

Internal Revenue Code (IRC) Section 501(c)(3) exempts from Federal income tax 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 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 and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Treasury Regulation 1.501 (c)(3)-1 (a)(1) provides that 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.

Treasury Regulation 1.501 (c)(3)-1 (c)(1) states that 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 exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than in insubstantial part of its activities is not in furtherance of an exempt purpose.

Treasury Regulation 1.501 (c)(3)-1 (d)(1)(i) states that an organization may be exempt as an organization described in 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, educational, or prevention of cruelty to children or animals.

IRC § 6001 provides that every person liable for any tax imposed by the IRC, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

In Community Education Foundation v. Commissioner T.C. Memo. 2016-223, revocation of the petitioner's exemption was supported due to a long-extended period of inactivity. The petitioner did not meet the operational test requirements for a section 501(c)(3) organization.

**TAXPAYER'S POSITION:**

Revocation was discussed with \_\_\_\_\_, the board president, during the closing conference held on September \_\_\_\_\_, 20\_\_\_\_. The board president agreed with proposed revocation and stated would sign the agreement form.

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**GOVERNMENT’S POSITION:**

In accordance with the above cited provisions of the Code and regulations under IRC 501(c)(3), organizations recognized as exempt from federal income tax under IRC 501(c)(3) must meet both organizational and operational tests.

The Organization has failed the operational test for a section 501(c)(3) organization for the year under examination. It has ceased all operations since the year 20 which includes the year under examination. There were no activities, no income and no actual assets for the year under examination. While the Organization has been given time to dissolve with the state of incorporation, it has not been able to provide proof of dissolution without assets after several attempts. Because the Organization has not conducted any exempt activities and has no plans to be operational, it does not continue to qualify for exemption under IRC 501(c)(3).

The Organization is like the petitioner in the Community Education Foundation v Commissioner case wherein the court concluded that revocation was appropriate due to the organization's inactivity.

**CONCLUSION:**

The Organization fails to meet the operational requirements for continued exemption under section 501(c)(3) of the Code due to inactivity. Moreover, the Organization fails to satisfy any public charity status because there was no income received for the last years. Therefore, the Organization’s exempt status should be revoked effective May , 20 . Form 1120, U.S. Corporation Income Tax, should be filed for tax year ending April , 20 and thereafter.

If you agree to this conclusion, please sign and return the enclosed Form 6018.

If you disagree, please submit a statement of your position.