



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

Date: May 10, 2021

Taxpayer ID number:

Form

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Release Number: 202237014

Release Date: 9/16/2022

UIL CODE: 501.07-00

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Dear :

**Why we are sending you this letter**

This is a final determination explaining why your organization doesn't qualify as an organization described in Internal Revenue Code (IRC) Section 501(c)(7) for the tax periods above.

In the future, if you believe your organization qualifies for tax-exempt status and would like a determination letter from the Internal Revenue Service, you can request a determination by filing Form 1024, Application for Recognition of Exemption Under Section 501(a), or Form 1024-A, Application for Recognition of Exemption Under Section 501(c)(4) of the Internal Revenue Code, (as applicable) and paying the required user fee.

Our adverse determination as to your exempt status was made for the following reasons: You have not established that you are organized and operated exclusively for an exempt purpose within the meaning of IRC Section 501(c)(7). You have not established that you are organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, substantially all the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

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).

**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.

**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

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.

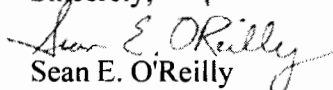
Find tax forms or publications by visiting [www.irs.gov/forms](http://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676).

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:**  
June 25, 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: July 27, 2020**

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

**Why you're receiving this letter**

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that your organization doesn't qualify as an organization described in Internal Revenue Code (IRC) Section 501(c)(7).

This letter is not a determination of your tax-exempt status under IRC Section 501(c)(7) for any period other than the tax periods above.

**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)(7) 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.

In the future, if you believe your organization qualifies for tax-exempt status and would like a status determination letter from the IRS, you can request a determination by filing Form 1024, Application for Recognition of Exemption Under Section 501(a), and paying the required user fee.

**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,

Sean E. O'Reilly  
Director, Exempt Organizations  
Examinations

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

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

**ISSUE**

(hereafter the “EO”) qualify as a tax exempt organization described in Section 501(c)(7) of the Internal Revenue Code (hereafter the “Code”)?

**FACTS**

is a self-declared tax-exempt organization pursuant to Section 501(c)(7) of the Code. The EO has not been given a ruling or determination letter granting tax exempt status from the IRS, and it is not covered under a group exemption ruling. The EO was organized under State Law in and began filing a Form , Return of Organization Exempt from Income Tax, in . The EO’s purpose, per its Bylaws, is “

On the examiner conducted an interview via teleconference with the , regarding the examination of the EO’s Form for the tax year ending . During the interview, explained that the EO is supported by membership dues which are collected annually through . Once the membership dues are received, ships the members a membership package which includes a , , , membership card, and a . The EO maintains a website that provides the members with information on membership, , and content regarding

The members of the EO are located throughout the and do not have the opportunity to physically commingle or socialize. There are no meetings or events that provide social interactions amongst the members. is the and the only board member. The EO does not have a vice president, secretary, or treasurer. The EO does not have any tangible or intangible property or any facility for its members to use or for the purpose of comingling or socializing.

**LAW**

**Required purposes**

Section 501(c)(7) of the Code allows for federal income tax exemption of clubs organized for pleasure, recreation, and other non-profitable purposes if substantially all of a club’s activities are for such purposes and no part of the net earnings from such activities inures to the benefit of any private shareholder.

Revenue Ruling 58-589, C.B. 1958-2, 266, sets forth the criteria for exemption under Section 501 (c)(7) of the Code and provides that a club must have a membership of individuals, personal contacts, and fellowship. A comingling of members must play a material part in the activities of the organization.

A social or recreational club must provide the opportunity for personal contact between its members and the members must be bound together by a common objective of pleasure, recreation, and other nonprofitable purposes. See Rev. Rul. 74-30, 1974-1 C.B. 137, Rev. Rul. 69-632, 169-2 C.B. 126, and Rev. Rul. 70-32, 1970-1 C.B. 132.

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

**TAXPAYER’S POSITION**

The EO has not stated their position.

**GOVERNMENT’S POSITION**

Based on the examination, the EO does not qualify for exemption as a social club described in Section 501(c)(7) of the Code since the EO does not meet the operational requirement of providing members the opportunity to socialize or establish physical contact per Rev. Rul. 74-30, 1974-1 C.B. 137. Rather, the EO’s activities consist of providing members with a membership package that does not include any means of physical or virtual socializing or comingling. The organization does not have any property or facility for its members to use. The EO does not have any meetings and there are no opportunities for their members to commingle or conduct social activities.

**CONCLUSION**

\_\_\_\_\_ does not qualify as a tax-exempt entity under Section 501(c)(7) of the Code because it does not provide its members the opportunity for personal contact or activities that bind the members together by a common objective of pleasure, recreation, and other non-profitable purposes.

Therefore, it is proposed that your self-declared exempt status under § 501(c)(7) of the Code be disqualified effective \_\_\_\_\_.

Should this disqualification be upheld, Form \_\_\_\_\_ must be filed starting with tax periods ending \_\_\_\_\_.

**If you agree to this conclusion, please sign the attached Form \_\_\_\_\_.**

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