



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

Date:
02/27/2023
Employer ID number:

Form you must file:
1120

Tax years:
All

Person to contact:

Release Number: 202321016
Release Date: 5/26/2023
UIL Code: 501.00-00,
501.03-00, 501.33-00,
501.35-00

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)(3). 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.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

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:
12/19/22
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

Legend:

B = Date
C = State

UIL:

501.00-00
501.03-00
501.33-00
501.35-00

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)(3). 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)(3)? No, for the reasons stated below.

Facts

You submitted Form 1023-EZ Streamline Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. You attested that you are organized and operated exclusively to further charitable purposes and that you have not conducted and will not conduct prohibited activities under Section 501(c)(3).

Your mission as stated on the Form 1023-EZ is to provide members with "health, life, or disability insurance, or financial planning." You were formed as a corporation on B in the state of C.

During review of your Form 1023-EZ, we sent a request for information regarding your activities to supplement the above information.

Your response explains that your primary purpose is to partner with an insurance provider to assist your members (all from a specific industry) in gaining access to medical, dental, disability and life insurance at affordable group rates. Members will also receive free financial planning advice from the provider. In addition to your primary activity, you will also assist members in career development and promotion. You will provide electronic press kits, webinars, and travel discounts; all to help your members learn to promote themselves and manage their individual business. Electronic press kits are housed on your website and include information about the member that can be shared with potential employers (contact information, publicity information, promotional photos, video promo, etc.).

Letter 4034 (Rev. 01-2021)
Catalog Number 47628K

Membership is open to anyone in your industry. Financial information shows you are supported solely by membership dues. Expenses will support your website, web events, and marketing.

Law

IRC Section 501(c)(3) provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable, religious, educational, or other purposes as specified by the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that in order to qualify under IRC Section 501(c)(3), an organization must be both organized and operated exclusively for one or more exempt purposes specified in such section. If an organization fails to meet either the organizational or operational test, it is not exempt.

Treas. Reg. Section 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 of such exempt purposes specified in IRC 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.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

In Revenue Ruling 69-175, 1969-1 C.B. 149, an organization formed by parents of pupils attending a private school, that provides school bus transportation for its members’ does not qualify for exemption under IRC Section 501(c)(3) because when a group of individuals associate to provide a cooperative service for themselves, they are serving a private interest.

In Revenue Ruling 71-395, 1971-2 C.B. 228, a cooperative art gallery formed and operated by a group of artists for the purpose of exhibiting and selling their works did not qualify for exemption under IRC Section 501 (c)(3) because it was serving the private purposes of its members. . The gallery, in showing and selling only the works of its own members, is a vehicle for advancing their careers and promoting the sale of their work.

In Better Business Bureau of Washington, D.C., Inc v. United States, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes.

Application of law

IRC Section 501(c)(3) sets forth two main tests for qualification of exempt status. Per Treas. Reg. Section 1.501(c)(3)-1(a)(1), an organization must be both organized and operated exclusively for purposes described in Section 501(c)(3).

You do not meet the operational test. You are not operating “exclusively” for exempt purposes as required by Treas. Reg. Section 1.501(c)(3)-1(c)(1) because you do not primarily engage in activities that accomplish such purposes. A substantial part of your activities further members private business interests (procuring discounted insurance, career and business advice, member press kits, etc.). Conducting a variety of activities that aid your

members in their individual careers serves their private interest, rather than a public interest as required by Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

Similar to the organizations described in Rev. Rul. 69-175 and Rev. Rul. 71-395, the benefits you provide to your membership serve a private interest. Your organization is a vehicle for advancing the personal careers of your members. Like the organization in Better Business Bureau, this is a substantial non-exempt purpose that will destroy exemption regardless of the number and importance of any truly exempt purposes.

Conclusion

Based on the information submitted, you do not qualify for exemption under IRC Section 501(c)(3). You do not meet the operational test because you are operated for the substantial non-exempt purpose of serving the private interests of your members.

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