



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

Date:  
09/20/2023  
Employer ID number:

Tax years:  
All  
Person to contact:

Release Number: 202350016  
Release Date: 12/15/2023  
UIL Code: 501.05-00

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)(5). 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](http://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:**  
July 24, 2023  
**Employer ID number:**

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

**Legend:**

B = date  
C = state

**UIL:**  
501.05-00

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

**Facts**

You attested you were incorporated on B in C. You indicated a membership of only your board of directors of which there is only one director. You do not have Bylaws or a conflict of interest policy. You did not provide details on how you select this director or how you set compensation. Your organizing document, the Articles of Incorporation, lists only one trustee and incorporator.

Your purpose is to better the conditions of workers by providing a national strike fund for workers on strike, enabling them to stay on strike longer and improve their working conditions. You will not receive payment or dues from workers who might receive funds. Rather, you are funded through digital fundraising and donations from grassroots activists. You will disburse funds to workers with the objective of bettering the conditions of those workers who otherwise would not have a strike fund available. You are not formed through collective bargaining nor have you indicated any affiliation to a particular union or membership. You will not perform services for members, as workers who might receive funding are not your members.

**Law**

IRC Section 501(c)(5) provides that labor organizations entitled to exemption from Federal income taxation are those which (1) have no net earnings inuring to the benefit of any member, and (2) have as their objects the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

Rev. Rul. 67-7, 1967-1 C.B. 137, an organization established by a labor union to provide strike and lockout benefits to its members may be exempt from federal income tax as a labor organization under IRC Section 501(c)(5). The organization was formed to provide financial assistance to members of a labor union who are involved in strikes or lockouts. It is controlled by the executive board of the union. Funds are derived from dues paid by members and disbursements are made to pay benefits to members on strike or lockout. Benefits are directed to furthering a labor union's primary purpose of representing its members. The payment of such benefits to members is a proper activity of a labor organization. An organization engaged in activities appropriate to an exempt labor union may itself qualify for exemption under Section 501(c)(5).

Rev. Rul. 76-420, 1976-2 C.B. 153, an organization, controlled by private individuals, that provides weekly income to its members in the event of a lawful strike by the member's labor union in return for an annual payment by the member does not qualify for exemption as a labor organization under IRC Section 501(c)(5). Because the organization has no authority to represent or speak for its members in matters relating to their employment, such as wages, hours of labor, working conditions, or economic benefits, it is not a 'labor organization' in the commonly accepted sense of that term as it is used in Section 501(c)(5). The organization is not controlled by or connected with any of the labor organizations to which its members belong. It does not directly support the efforts of any labor organization to better employment conditions.

### **Application of law**

IRC Section 501(c)(5) provides that labor organizations entitled to exemption from federal income tax are those which have as their objects the betterment of the conditions of those engaged in such pursuits. Your sole activity is to provide funds to workers that are on strike. As seen in Revenue Ruling 67-7, the provision of funds to members on strike may be a qualifying activity exempt under Section 501(c)(5). In that ruling, however, the organization was established by a labor union and was formed to provide benefits to dues paying members of that union. Benefits in that case further a specific labor union's cause. You have not indicated an association to any particular labor union. You have one director, also your only member, that controls operations. You are not considered a labor union because you are not controlled by a labor union and don't have a direct involvement with bettering working conditions for members.

In Revenue Ruling 76-420 an organization, controlled by private individuals, that provided weekly income to members during a strike by the member's labor union in return for an annual payment by the member, did not qualify for exemption under IRC Section 501(c)(5). Similar to that organization, you are controlled by private individuals, provide weekly income to striking workers, and have no authority to represent labor union members. You have not indicated any connection with or control by any particular labor organization or union. You do not directly support the efforts of any labor organization to better employment conditions and are not a labor organization in the commonly accepted sense of that term as it is used in Section 501(c)(5).

### **Conclusion**

You do not qualify for exemption under IRC Section 501(c)(5) because you are not considered a labor organization. Your strike fund is not controlled by a labor union but rather a single director and hold funds to provide health benefits to employees.

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

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements