



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

Date:
07/22/2025
Employer ID number:

Form you must file:

■
Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202549020
Release Date: 12/05/2025
UIL Code: 501.08-00

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)(8). 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**

Date:
04/14/2025
Employer ID number:

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

Legend:
W = State
X = Date
Y = Fund

UIL:
501.08-00

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

Facts

You incorporated in the state of W on X. Your articles of incorporation state that you are a non-profit Section 501(c)(8) corporation. Your bylaws state that you are formed to be a meeting place for women from all backgrounds organizing for social causes including community projects. They further state that you also disburse scholarships via the Y.

You operate on the community, local, and regional level under a lodging system. You have multiple chapter types, each with their own designation. In addition, all official chapters must be approved and officially registered with you in order to be considered an official chapter and to access member benefits. Your members are women in communities wanting to make a difference in their local community and who are willing to pair with other women to do so.

You offer scholarships for members that have a social cause or community project in mind and would like to undertake it at some point during their college years. The parent advisory committee sets guidelines during the open scholarship cycles to verify the members that are eligible to receive a scholarship award through the Y.

You offer grants to your chapters fund community projects, mentorship program costs, operational costs of projects and initiatives, and social initiatives or causes. Proposals for grant applications must include a detailed

breakdown of what the funds will be used for, require a post project report of how the funds were distributed, and a description of how the grants were used at the end of each term.

These scholarships and grants are distributed from a separate fund to subordinate lodges who also contribute a portion of their dues to the fund.

You state that you provide security to your members and a meeting place where women and children can gather without fear of exploitation, network, form alliance, and interact safely. You further state that women, girls, and specified ethnic populations are considered at-risk and vulnerable populations for many reasons all around the world.

Law

Section 501(c)(8) exempts from federal income tax Fraternal beneficiary societies, orders, or associations (A) operating under the lodge system or for the exclusive benefit 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.

Treasury Regulation Section 1.501(c)(8)-1(a) provides 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.

Revenue Ruling 73-165, 1973-1 C.B.224, holds that a fraternal beneficiary society which carries on fraternal activities, operates under the lodge system, and provides for member benefit payments may qualify for exemption under Section 501(c)(8). The ruling indicates that there is no requirement for exemption that either the fraternal features or the benefit features predominate as long as both features are present.

Rev. Rul. 84-48, 1984-1 C.B. 133, held that *other benefits* must be similar in nature to life, sick, and accident benefits and that they should be designed to compensate for expenses resulting from bodily injury or loss of earning power. In Rev. Rul. 84-48, the organization maintained a legal defense fund to defend members against criminal, civil, and administrative misconduct charges to protect against financial loss directly related the loss of earning power.

Rev. Rul. 84-49, 1984-1 C.B. 134, illustrates another example of *other benefits* providing financial security after loss of earning power. In the ruling, an organization that operated an orphanage open to surviving dependent children of any deceased member was granted exemption under Section 501(c)(8). The expenses of the orphanages were paid from a separate fund supported by members' dues. The ruling notes that although it differs from life insurance benefits because it's a non-cash benefit, the organization's orphanage serves the same purpose that life insurance serves. Life insurance provides a measure of financial security to the insured's survivors if the insured dies. Similarly, the organization's orphanage provided its members' children security against becoming wards of the state if their parents died.

In Hip Sing Ass'n, Inc. v. Comm'r, T.C. Memo 1982-203 (1982), the court found a common tie among members of an association based on their common ethnic background. It also found that members had a common goal to improve their social, moral and intellectual welfare.

Application of law

You are not operated within the meaning of IRC Section 501(c)(8) because you do not provide for the payment of life, sick, accident, or other benefits to your members. You also do not meet the requirements of Treas. Reg. Section 1.501(c)(8)-1(a) because you do not have an established system for the payment to your members or their dependents of life, sick, accident, or other benefits.

Rev. Rul. 73-165 discusses the necessary ratio of fraternal activity to beneficial activity required of a Section 501(c)(8) organization and stated that there is no requirement that either feature predominate so long as both are present. Although you are operating under a lodge system and provide grants and scholarships to members, you do not offer any benefits that with insurance features.

You are unlike the organizations in Rev. Rul. 84-48 and in Rev. Rul. 84-49. In order for a benefit to be included within the term "other benefits," it must be similar in nature to life, sick, and accident benefits and that they should be designed to compensate for expenses resulting from bodily injury or loss of earning power. You do not offer such benefits.

Similar to the organization described in Hip Sing Ass'n, Inc., you show a common tie among your members, which have common goals to improve the social welfare of your members and community. You support women, girls, and specified ethnic populations, by carrying out fraternal activities and providing benefits, which include grants and scholarships for members that have a social cause. You do not qualify for IRC 501(c)(8) because you do not provide insurance for life, sick, accident or similar benefits.

Your position

You state that you provide insurance like benefits per the operation of the Y and per the security features of alliance, community, and providing financial means to your lodges.

You state that the definition of "other" benefits is "beyond or in addition/different/distinctive/ of." You further state that by providing access to grants and scholarships to your members you are providing other benefits as described in Section 501(c)(8).

You indicate that the IRC and every publication use the language "insurance and 'other' benefits", and do not include language stating that "other" benefits must be insurance or liken to insurance benefits. You believe this leaves room for interpretation and that "other" benefits would encompass scholarships and grants.

You state that you are similar to the organization detailed in the Rev. Rul. 84-49 that operates an orphanage for surviving children of deceased members. You state that similar to this organization because you have a separately maintained fund to endow lodges with scholarships and grants.

Our response to your position

While you are similar to the organization described in Rev. Rul. 84-49, you are also dissimilar to this organization as well. The organization described in Rev. Rul. 84-49 operated an orphanage for deceased members' dependent children. All expenses of this orphanage are paid from a separate fund maintained by the

organization and supported by member's dues. Each of the subordinate lodges contributes a portion of its dues income to this fund.

Importantly, Rev. Rul. 84-49 states that the term "other benefits", as used in Section 501(c)(8), is limited by the type of benefit specified in that section. It is applicable only to those benefits that are of a like kind and nature to those enumerated. The ruling states that providing an orphanage for members' surviving dependent children is providing a benefit of a like kind and nature to life insurance benefits. Although it differs from life insurance benefits because it is a non-cash benefit, the orphanage serves the same purpose that life insurance serves. Life insurance provides a measure of financial security to the insured's survivors if the insured dies. Similarly, the orphanage provides its members children security against becoming wards of the state if their parents die. Both benefits provide the organizations members a way to protect their families.

You have a separately maintained fund to endow lodges with scholarships and grants. Importantly, your grants and scholarships are not of similar nature to "life, sick, and accident" benefits, as is the clear legislative intent of "other" benefits in the context of Section 501(c)(8). Your grants and scholarships are not similar in nature to "life, sick, and accident" benefits.

Conclusion

You are not operated as an organization described under IRC Section 501(c)(8). You are operating under the lodge system, but you do not provide for the payment of life, sick, accident, or other benefits that are designed to compensate for expenses resulting from bodily injury or loss of earning power.

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