



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

Date:
12/18/2025
Employer ID number:

Form you must file:

Tax years:

Release Number: 202611013
Release Date: 3/13/26
UIL Code: 501.06-00, 501.06-01

Person to contact:
Name:
ID number:
Telephone:

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)(6). 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:
10/29/2025

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

B = Date

C = State

UIL:

501.06-00

501.06-01

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

Facts

You were incorporated on B, in the state of C. You indicated that you serve your business area by providing promotion to the district as a whole. You run a website which all of the businesses within the district have access. There is a biweekly newsletter that is sent out to subscribers that contains event listings and blogs updated by businesses within the district. All services are free to members. You also provide multiple free events throughout the year and multiple sidewalk sales that sometimes coincide with those events.

Your membership requirements consist of being a business located within your district and holding a current business license in your city. A member qualifies to be part of the Board of Directors and any committee. The member's business receives one vote when electing board members or when making amendments to the bylaws.

Another benefit to members is the inclusion of their business in your website, with their own profile page and access to post events and business updates.

You indicated that your website is a tool to promote member's businesses without having to pay and design their own website. The web team helps each business in the district update their profile and aids in posting information, sales, and events that they may be having at their business. You stated that many of the small businesses in the district are run by their owners, with only a few staff members, and some of them do not have much time to figure out the online part of running their business. The addition of the website helps take care of

that piece, as they continue to manage the rest of their day-to-day operations. Half of your annual budget is allocated to maintaining your website.

Law

IRC Section 501(c)(6) provides exemption from federal income tax for business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues, (whether or not they administer a pension fund for football players), not organized for profit and no part of the net earnings, of which, inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(6)-1 states that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization, whose purpose is to engage in a regular business of any kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league.

Revenue Ruling 59-391, 1959-2 C.B. 151, held that an organization composed of individuals, firms, associations and corporations, each representing a different trade, business, occupation or profession whose purpose is to exchange information on business prospects has no common business interest other than a mutual desire to increase their individual sales. The activities are not directed to the improvement of one or more lines of business, but rather to the promotion of the private interests of its members and is not exempt under section 501(c)(6) of the code.

Rev. Rul. 64-315, 1964-2 C.B. 147, held that an association of merchants is not exempt under IRC Section 501(c)(6) where its members are the businesses within a shopping center and it expends its funds and engages exclusively in advertising member merchants in newspapers, on television, and on radio in order to attract customers to the shopping center.

Rev. Rul. 68-264, 1968-1 C.B. 264, defines a particular service for the purposes of section 501(c)(6) the Code as being activity that serves as a convenience or economy to the members of the organization in the operation of their businesses. Activities that constitute the performance of particular services for individual persons may preclude exemption from Federal income tax under section 501(c)(6) of the Code. Therefore, for this further reason, the organization is not exempt from Federal income tax under section 501(c)(6) of the Code.

Rev. Rul. 73-411, 1973-2 C.B. 180, describes an organization that was not structured along industry or business lines but was composed of various types of businesses and commercial endeavors comprising a shopping center. Therefore, its right to exemption, if any, had to rest on its characterization as a chamber of commerce or board of trade or similar organization. The revenue ruling further indicates that chambers of commerce and boards of trade direct their efforts at promoting the common economic interests of all the commercial enterprises in a given trade community. In the case of a chamber of commerce or similar organizations, the common business interest is usually the general economic welfare of a community. Membership is voluntary and open generally to all business and professionals in the community.

In Indiana Retail Hardware Ass'n., Inc. v. United States, 117 Ct. Cl. 288 (1996), the court held that when

conducting particular services for members is a substantial activity of an organization, the organization will be precluded from exemption under IRC Section 501(c)(6).

Application of law

You're not described in IRC Section 501(c)(6) and Treas. Reg. Section 1.501(c)(6)-1 because you are not formed to promote the common business interest of a particular industry, or trade, but rather you are formed to benefit your members' business interests by performing particular services to your members. This is evidenced by the fact that your primary activity is the management of a website for the convenience of your members. This website allows your members to promote their products and services to the general public, alleviating them of the economic burden of establishing and maintaining their own individual websites. By operating to perform particular services to your members, you are precluded from exemption under Section 501(c)(6).

Like the organization in Rev. Rul. 73-411, you are not structured along any specific industry or business lines. You are composed of various types of businesses. Therefore, to meet exemption under IRC Section 501(c)(6), you must depend on being characterized as a chamber of commerce, along with meeting the other requirements of Treas. Reg. Section 1.501(c)(6)-1. Your membership is voluntary and open generally to all businesses and professionals in your community. Instead of directing your efforts to the common economic interests of all commercial enterprises in a given trade community, you perform particular services to your members in the maintenance of your website.

You are similar to the organizations described in Rev. Rul. 59-391, Rev. Rul. 64-315, and Rev. Rul. 68-264. You are performing a particular service that serves the private interests of your members. You are managing a website where your members post sales, events, and advertisements. Your intent with managing this website is to alleviate small businesses of the requirement to maintain their own website, allowing them to focus more on the operation of their individual businesses. By managing this website, you are serving as a convenience or economy to your members in the operation of their business and, therefore performing particular services to your members. The performance of these particular services for your members precludes exemption under IRC Section 501(c)(6).

You are similar to the organization in Indiana Retail Hardware Assn, where the court concluded that conducting particular services for members is a substantial activity of an organization. Half of your annual budget is spent maintaining a website for the convenience of your members. The performance of this particular service for your members precludes exemption under IRC Section 501(c)(6).

Conclusion

Your activities are not directed to the improvement of business conditions of one or more lines of business, as defined in IRC Section 501(c)(6). Your activities consist of rendering particular services for your members. Therefore, you fail to qualify for exemption under Section 501(c)(6).

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