



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

Date:
04/08/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202627016
Release Date: 7/2/26
UIL Code: 501.06-00, 501.06-01

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:
02/11/2026
Employer ID number:

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

Legend:

M = State
N = Date
p dollars = Dollars

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 formed as a Limited Liability Company under the state law of M on N. You state that you are formed to host a monthly networking event with the goal of helping professionals and entrepreneurs make strong business connections. You are hosting a larger annual event where tickets will be charged for the cost of the event. You further state that, since money is now involved, you are applying for nonprofit status as a fraternal organization.

You state all of your members share a common interest in business growth and development. You intentionally avoid professional overlap among your members to maximize the potential for cross-referrals and collaboration among distinct industries. You are composed of both business owners and professionals, including a wealth advisor, a trust and estate attorney, a health insurance provider, a home builder, and a commercial landscaper. Members pay dues of p dollars annually.

At your monthly meetings, businesses have the opportunity to present and discuss current market trends, industry challenges, and best practices. The sessions allow other businesses to broaden their understanding of sectors outside their own expertise, while also reinforcing high ethical and professional standards across the group. Each member is also given an opportunity to share a brief overview of their profession and what types of prospects they are seeking referrals for. This could include target demographics, business types, or geographic

areas. After all members share, you allocate time for one-on-one conversations for your members to discuss potential client introductions.

You state that most of your members are business owners or professionals whose success is tied to generating new business. Members commit to prioritizing referrals within the group. You do not impose a quota, but members are expected to be thoughtful and proactive in creating genuine, mutually beneficial connections. Your members are encouraged to do business with each other where it makes sense, and to advocate for fellow members when opportunities arise in their networks. Your long-term goal with this is to create a strong and respected community of professionals who elevate the broader business environment in M as a whole.

Hosting of these meetings rotates among your members, allowing each host business/professional to showcase their office and spend additional time sharing about their business and services.

You also host large networking events that are open to the public once or twice a year. These gatherings allow members to invite their centers of influence, business owners, and prospective members to learn about the group and expand their networks. These events also provide your members with a platform to connect their own networks and to be introduced to potential clients or partners by fellow members.

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, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

IRC Section 1.501(c)(6)-1 of the Income Tax Regulation states that a business league is an association of persons having some common business interests, the purpose of which is to promote such common interest and not to engage in a regular business other kind ordinarily carried on for profit. The Regulations further state that the activities of a business late should be directed to the improvement of business conditions in one or more lines the business as distinguished from the performance of particular services for individual members. An organization whose purposes to engage in a regular business of a 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.

In Rev. Rul. 70-244, 1970-1 C.B. 132, the organization's membership consists of business and professional persons in the community. Its articles of incorporation state it was formed to bring together members and their guests to exchange idea for improving business conditions within the community. It does not have any specific program directed to the improvement of business conditions in the community. Since this organization has no program designed to improve business conditions of one or more lines of business, it is held that the organization is not exempt from federal income tax under IRC Section 501(c)(6).

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 Assn., Inc. v. United States, 117 Ct. Cl. 288 (1966), 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 are not described in IRC Section 501(c)(6) and Treas. Reg. Section 1.501(c)(6)-1 because the facts show you are not formed to promote the common business interests of a particular industry or trade, but rather you are formed to promote your members' business interests. This is evidenced by the fact that your membership is restricted to one representative from each profession. Additionally, you have no common business interest other than a desire to increase business leads and prospects of your members as illustrated from the nature of your monthly meetings. While some education may be provided on current market trends, industry challenges, and best practices through your members presentations, this does not constitute a specific program directed to the improvement of business conditions in the community. Since you have no program designed to improve business conditions along one or more lines of business, you do not qualify under Section 501(c)(6).

You are similar to the organization described in Rev. Rul. 59-391. This is evidenced by the fact that your members are from different professions who are not in competition with one another. The purpose of your monthly meetings is to provide business referrals for your members. This illustrates you have no common business interest other than a desire to increase the business prospects of your members.

Like the organization in Rev. Rul. 73-411, you are not structured along any particular 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. Because your membership is not open to all businesses in your community but only to one business per category, you do not meet the definition of a chamber of commerce within the meaning of Section 501(c)(6) as explained in this revenue ruling.

Like the organization in Indiana Retail Hardware Assn. Inc., your activities do not improve the business conditions of one or more lines of business or business conditions of any community as a whole. Instead, you serve the private interests of your members.

You are similar to the organization in Rev. Rul. 70-244. Your monthly meetings are centered around providing referrals among your members' businesses. Since you have not described any programs designed to improve business conditions of one or more lines of business, you do not qualify under IRC Section 501(c)(6).

Conclusion

Based on the information provided, we conclude that you are not operated as a business league described in IRC Section 501(c)(6). Your activities are not primarily directed to the improvement of business conditions of one or more lines of business nor for the common economic interests of all the businesses in a given trade community as in the case of a chamber of commerce, but rather to the promotion of the private interests of your members as

illustrated by the restrictive nature of your membership. Therefore, you do not meet the requirements 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