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

Date:
04/20/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202629016
Release Date: 7/17/26
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

IRS

Date:
02/27/2026
Employer ID number:

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

Legend:
C = State
D = Date
F = Individual
g dollars = Amount

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 in the State of C on D. Your Certificate of Incorporation states that your purpose is to engage in any lawful act or activity for which corporations may be organized under the C general corporation code. You submitted Form 1024 requesting exemption under IRC Section 501(c)(6) as a business league.

You indicated that you provide consulting services for construction contractors to support the goal of becoming bid ready. F is your coordinator that provides benefits and ownership transition consultation. Other members provide banking relationship support, bond and property casualty insurance support. All your members provide minority certification and bid knowledge support. Each of your advisors manages their own for-profit companies and offers support from expertise to your members at no charge. You are forming long-term relationships with contractors so when they are ready to hire one of the advisors for their expertise, a trusting relationship has already been established.

You offer a website for members to address contractor development needs and access to resources. The membership fee is g dollars per year. The membership fee primarily supports website maintenance and offsets expenses for webinars/seminars. You will not charge members for your expertise. Compensation is optional if/when a contractor hires one of your advisors for their specific individual expertise.

Your application states that your purpose is to:

- Provide access to expertise for developing companies in the construction (and related) industries
- Provide sub-contractor connections for general contractors
- Provide sub-contractor connections for potential joint ventures
- Create a master list of bid-ready companies which consist of company contacts information, scope of services, bank relationships, benefit status, bond capacity, bid awards, and gross sales.

You describe your membership advantages as:

- Access to the expertise offered
- Master class extension for construction education program
- Bid "amplifier" for entities that offer Request for Proposals
- Event amplifier for networking and education events
- Bid awards tracking to monitor and promote growth
- Access to website
- The option (even though not obligated) to work with vetted companies who provide key resources such as access to bank benefits that provide group loan between the bank, general contractors and the sub-contractor, and access to health insurance
- Access to retirement plan
- Webinars and seminars for membership requested topics

Your board of trustees consists of two for-profit corporations who have contractor development programs, trustees who are your members, subcontractors and general contractors. The board responsibilities are to establish growth goals and monitor the results of quarterly meetings to view results of master list development, membership accessing your benefits, and quality check on core benefits you offer. The board members also review collaborations with other entities who support contractor development.

You said that the current federal administration has changed how minority owned businesses are identified. To compete for government contracts, firms must submit a narrative explaining their economic standing without focusing on gender, cultural or race status. You have assessed the new situation for minority owned firms and you're choosing to adapt/change your core services to be a stronger support system for minority owned firms under the new federal proposal rules. Your current services will include a platform that will allow search capabilities for, scope of services, bid success, core employee strength, ability to compete for different project levels, geographic territory, collaboration flexibility, and internal structure that provides evidence of company longevity.

We requested additional information regarding your activities. You submitted with your response a member application which requests their company profile, including name, SIC and NAIC codes, certification, average annual sales for past years, average bid/project size, average number of W-2 employees, average number of 1099 employees, total assets, total liabilities, ownership percentage, ownership structure, bond capacity, name of primary bank, name of health insurance company, key person life coverage amount per owner, and retirement plan. The application also requests whether they will participate in growth reports so that you can promote their company, and if they want to collaborate with other companies; as well if they will use your master list and if they will use your website to promote their company growth. You indicated that you will meet with the subcontractor to determine their priorities to come up with a more efficient bid process.

From the application you receive, you will discuss areas of concern. The areas you will discuss include the lack of performance bonds and/or the level of performance bonds, the result of the most recent business loan, the bid website used most often, bid templates, the success ratio of the previous bid request, primary source of bids city/state/county website, their referral structure, etc.

You also indicated that members will tell you their goal priorities and coordinate securing message information. You acknowledged that you work with business owners, and the business owners must determine their priorities so they can gauge their growth track. You will create a contractor improvement timeline. You will conduct a survey of primary needs and provide a online session to address the primary needs. You will instruct them on subcontractor bid submission; bond structure, what is needed to improve the performance band status; how to select a P/C advisor to meet the needs of their company; city/state/county bid construction forecast. Business development managers from larger companies will share their networking skills with the subcontractors, and you will provide them with the economic status of the construction in the region.

Each of your advisors have licensing requirements and compliance mandates, such as benefit/investment advisor, banking executive, and bond/PC broker. Your advisors will not receive compensation through your membership fees. However, they will receive compensation when/if your members want to hire them for their tailored knowledge to support company growth. In other words, the advisor must earn your member's trust if the member wants to hire them for specific needs. After the contractor/general contractor request specific services related to their company from an advisor, the fee/product compensation is based on that respective resource. If a contractor seeks to establish a retirement plan, the compensation to the advisor is based on the agency/product resources.

You later indicated that you will discontinue the options for members to use the personal services of your team. You said the platform will not be used for individual solicitation by the members or by your management team. You said you will no longer offer the option to hire your team members. You said you will instead identify the big picture needs of contractors and general contractors.

We asked for clarification on whether the information provided to your members is general or tailored to specific needs of each member as they request your service. We also requested a detailed explanation of each of your activities after enacting all the changes mentioned in your prior response. You submitted your previous response and didn't clarify whether your services are general to all your members or if they are tailored to specific needs of each member as they request your service.

The financial data you provided included very little revenue with not enough to cover expenses. The only expenses included are for monthly website maintenance.

Law
IRC Section 501(c)(6) provides exemption from federal income tax for business leagues 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)-l 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 56-65, 1956-1 C.B. 199, holds that a local organization whose principal activity consists of furnishing particular information and specialized individual services to its individual members engaged in a particular industry, through publications and other means to effect economies in the operation of their individual businesses, is performing particular services for individual persons. Such organization is no entitled to exemption under Section 501(c)(6) as a business league, even though it performs functions that are of benefit to the particular industry and the public generally.

Rev. Rul. 61-170, 1961-2 C.B. 112, describes an association composed of professional private duty nurses and practical nurses which operated a nurses' registry primarily to afford greater employment opportunities for its members. The association was not entitled to exemption as a business league described in IRC Section 501(c)(6) because its primary purpose was the operation of a regular business of the kind ordinarily carried on for profit and it was engaged in rendering particular services for individual persons rather than promoting the general business conditions of the nursing profession.

Rev. Rul. 68-264, 1968-1 C.B. 264, defines a particular service for the purposes of IRCSection 501(c)(6) as being an activity that serves as a convenience or economy to the members of the organization in the operation of their businesses.

In Indiana Retail Hardware Association, Inc, v. United States, 366 F.2d 998 (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 Section 501(c)(6).

In MIB, Inc. v. Commissioner of Internal Revenue, 734 F.2d 71 (1986), an organization whose membership consisted of insurance companies was denied exemption as a business league under IRC Section 501(c)(6). The principal activity carried on by MIB was the maintenance and operation of a computerized system for compiling, storing and distributing information about applicants for life insurance. MIB argued that its activities created a deterrent to fraud which created benefits to the industry through reduced investigation expenses and reduced losses due to misclassification of applicants. The Court held MIB's activities by their nature consisted of rendering particular services for individual member companies and served to benefit the individual members' businesses. The Court also stated that even though the services produced various indirect and intangible benefits for the industry as a whole, the fact remained that the rendered services were in form and substance particular services for individual member companies.

In Bluetooth SIG Inc. v. United States, 611 F.3d 617 (9th Cir. 2010), the Court distilled Treas. Reg. Section 1.501(c)(6)-1 into a six-factor test, which requires a business league to be an association (1) of persons having a common business interest; (2) whose purpose is to promote the common business interest; (3) not organized for profit; (4) that does not engage in a business ordinarily conducted for profit; (5) whose activities are directed at the improvement of business conditions for one or more lines of businesses as distinguished from the performance of particular services for individual persons; (6) of the same general class as a chamber of commerce or a board of trade.

Application of law
Your activities are conducted to provide networking and opportunities for your members to make connections they need to be successful in business. You are 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 interests of a particular industry or trade. Rather, you are formed to benefit individuals' business interests and to provide particular services to your members.

Most of your time is spent providing your members with tailored one-on-one consulting services, survey of business priority needs, online sessions to address priority needs, and individual instructions on how to be bid ready. You are not operated as a business league as described in IRC Section 501(c)(6) because you provide particular services to your members, similar to the organization described in Rev. Rul. 56-65.

You are also similar to the organization described in Rev. Rul. 61-170 because you are providing a service that affords your members employment opportunities. As defined in Rev. Rul. 68-264, you perform particular services for your members because you conduct activities which are for the convenience and economy of your members in the operation of their businesses. By providing these services, you are serving the private interests of your members and do not qualify for exemption under IRC Section 501(c)(6).

You are like the non-qualifying organizations described in Indiana Retail Hardware Association, Inc. and MIB, Inc. because the majority of your activities constitute the performance of services for members. As described in Bluetooth SIG Inc., you don't meet the requirements of Treas. Reg. Section 1.501(c)(6)-1 because your members don't have a common business interest, you don't promote a common business interest, and you perform particular services for your members.

Conclusion
Based on the facts and circumstances presented, you are not operated as a business league described in IRC Section 501(c)(6). Your activities are not primarily directed toward the improvement of business conditions of one or more lines of business, but rather constitute the performance of particular services for your members, which furthers their private interests. 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