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

Date:
04/22/2026
Employer ID number:

Form you must file:

Person to contact:

Release Number: 202629017
Release Date: 7/17/26
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

IRS

Date:
02/27/2026
Employer ID number:

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

Legend:
X = State
Y = Date
Z = Occupation

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 as a public benefit corporation in the State of X on Y.

You are a membership organization whose purpose is to provide your members with life, accident, and/or short- and long-term disability insurance at group rates from a third-party commercial insurance provider. Your members must be current or former workers in a Z vocation. Your membership is not broken down any further into classes.

To receive the group rate for insurance, your members must pay, directly to you, their respective portion of any premium expenses. You then make payment to the insurance provider for the policy and/or policies intended to cover your members.

You do not operate under the lodge system, nor do you operate for the exclusive benefit of the members of an organization operating under the lodge system. You do not act in a fraternal beneficiary society, order, or association.

You have not adopted bylaws. Your governing body is selected based on a majority vote of your members, and you only listed one director for your governing body members. Your revenues include insurance premiums paid by your members, and your expenses include payment to the commercial insurance provider.

Law
IRC Section 501(c)(8) exempts fraternal beneficiary societies, orders, or associations from federal income tax if they:

(A) operate under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and
(B) provide 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) states a fraternal beneficiary society is exempt from tax only if it is 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. To be exempt, it is also necessary to have an established system for the payment of life, sick, accident, or other benefits.

Revenue Ruling 55-495, 1955-2 C.B. 259, holds that an organization which provides for the payment of benefits for its members or their dependents, but does not have a parent organization or subordinate branches, does not qualify under IRC Section 501(c)(8) because it does not operate under the lodge system.

Rev. Rul. 63-190, 1963-2 C.B. 212, describes a nonprofit organization, not operated under the lodge system, which maintains a social club for its members and provides sick and death benefits for its members and their beneficiaries, does not qualify for exemption as a fraternal beneficiary society under IRC Section 501(c)(8).

Rev. Rul. 73-192, 1973-1 C.B. 224, describes a separately organized insurance branch of a fraternal beneficiary society which qualified for exemption under IRC Sec. 501(c)(8) because it directly provided for the payment of life, sick, and accident benefits for the exclusive benefit of members operating under the lodge system.

National Union v. Marlow, 74 F. 775, 778-779 (8th Cir. 1896), states that even if the members of an organization enjoy a common tie or goal, the organization does not serve a fraternal purpose unless its members engage in fraternal activities.

Western Funeral Benefit Association v. Hellmich, 2 F.2d 367 (E.D. Mo. 1924), states the "lodge system" is generally understood as an organization which holds regular meetings at a designated place, adopts a representative form of government, and performs its work according to ritual.

Philadelphia and Reading Relief Association v. Commissioner, 4 B.T.A. 7 13(1926), holds that an organization of railroad company employees that made payments to members who became disabled because of accident or sickness was not entitled to exemption because it was not "fraternal." The court, which cited rituals, ceremonies, and regalia as evidence of a fraternal purpose, was unable to discover a single fraternal feature within the organization. The petitioner had neither lodges, rituals, ceremonies, nor regalia.

Application of law
IRC Section 501(c)(8) and Treas. Reg. Section 1.501(c)(8)-1(a) provide for the exemption of fraternal beneficiary societies operating under the lodge system or for the exclusive benefit of a fraternity itself operating under the lodge system. You do not conduct specific activities that accomplish a fraternal purpose, nor are you operating under the lodge system. Therefore, you do not meet the specific requirements to be classified as a fraternal beneficiary society under Section 501(c)(8).

You are similar to the organizations denied exemption in Rev. Rul. 55-495 and Rev. Rul. 63-190. Like these organizations, you also provide benefits to your members. However, you do not operate under the lodge system or for the exclusive benefit of a fraternity itself operating under the lodge system, precluding exemption under IRC Section 501(c)(8).

You are dissimilar to the organization granted exemption in Rev. Rul. 73-192 because you are not a separately organized insurance branch of a fraternal beneficiary society. Again, you do not operate under the lodge system, and pooling together insurance premiums from your members to purchase third-party group commercial insurance does not make you an insurance branch because you indirectly provide insurance for your members.

Additionally, like the organizations in National Union and Philadelphia and Reading Relief Association, you have not shown you carry on any fraternal activities, such as operating lodges, conducting rituals, or holding ceremonies, nor have you provided evidence of any distinct regalia related to such fraternal acts. National Union established that more than a common tie or goal, such as a vocation, is necessary to fulfill fraternal purposes. Other than providing third-party insurance for your members based upon their current or former vocation, you do not conduct any fraternal activities to fulfill such a purpose. Further, contrary to Western Funeral Benefit Association, you have not established you hold regular meetings; your governing body consists of one director; and you have not shown how you perform your work with any amount of ritualism.

Conclusion
Based on the information you provided, you do not qualify for exemption under IRC Section 501(c)(8). You have not demonstrated you are a fraternal organization operated under the lodge system. The mere provision of insurance benefits from a third-party commercial insurance company for the benefit of your members whose only commonality is their vocation is insufficient evidence of fulfilling a fraternal purpose under the lodge system. Therefore, exemption is not granted, and donations to you are not tax deductible.

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