



Department of the Treasury
Internal Revenue Service
Independent Office of Appeals

Date:

Form:

Person to contact:

Name [REDACTED]

Employee ID number [REDACTED]

Telephone [REDACTED]

Hours [REDACTED]

Employer ID number:

[REDACTED]

Uniform issue list (UIL):

Release Number: 202641008

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UIL Code: 501.04-00, 501.04-06

Certified Mail

Dear

Why you are receiving this letter

This is a final adverse 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)(4).

We made the determination for the following reasons:

You have failed to demonstrate that you meet the requirements of Section 501(c)(4). You have not demonstrated that you are operated exclusively for the promotion of social welfare. You primarily provide a staffing service for fees. Your activities primarily benefit private individuals and organizations. You have failed to demonstrate that you are primarily engaged in promoting in some way the common good and general welfare of the people in the community. You are also carrying on a business with the general public in a manner similar to organizations which are operated for profit.

What you need to know

After removing identifying information, this letter and the previously sent proposed adverse determination letter will be made available for public inspection under IRC Section 6110.

In a separate mailing to you, we provided Letter 437, Notice of Intention to Disclose. Please review Letter 437 and the attached documents that show our proposed deletions.

What if you disagree

If you disagree with our proposed deletions, follow the instructions in Letter 437.

If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of IRC Section 7428 in either:

United States Tax Court 400 Second Street, NW Washington, DC 20217 ustaxcourt.gov Or eFile by visiting: ustaxcourt.gov/dawson.html	U.S. Court of Federal Claims 717 Madison Place, NW Washington, DC 20439 uscfc.uscourts.gov	U.S. District Court for the District of Columbia 333 Constitution Avenue, NW Washington, DC 20001 dcd.uscourts.gov
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- You must file a petition or complaint within 90 days from the date we mailed this determination letter to you.
- Be sure to include a copy of this letter, any attachments and the applicable filing fee with the petition or complaint.

You can download a fillable petition or complaint form and get information about filing at each court's website listed above.

Note: We won't delay processing income tax returns and assessing any taxes due even if you file a petition for declaratory judgment under IRC Section 7428.

What you need to do in the future

Organizations that are not exempt under IRC Section 501 generally are required to file federal income tax returns and pay tax, where applicable.

Find tax forms or publications by visiting [IRS.gov/forms](https://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676).

Taxpayer rights and sources for assistance

The Internal Revenue Code (IRC) gives taxpayers specific rights. The Taxpayer Bill of Rights groups these into 10 fundamental rights. See IRC Section 7803(a)(3). IRS employees are responsible for being familiar with and following these rights. For additional information about your taxpayer rights, please see the enclosed Publication 1, Your Rights as a Taxpayer, or visit [IRS.gov/taxpayer-bill-of-rights](https://www.irs.gov/taxpayer-bill-of-rights).

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that helps taxpayers and protects taxpayers' rights. TAS can offer you help if your tax problem is causing a financial difficulty, you've tried but been unable to resolve your issue with the IRS, or you believe an IRS system, process, or procedure isn't working as it should. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. To learn more, visit TaxpayerAdvocate.IRS.gov or call 877-777-4778.

TAS assistance is not a substitute for established IRS procedures, such as the formal appeals process. TAS cannot reverse a legally correct tax determination, or extend the time fixed by law to file a petition in a United States Court.

Tax professionals who are independent from the IRS may be able to help you.

State bar associations, state or local societies of accountants or enrolled agents, or other nonprofit tax professional organizations may also be able to provide referrals.

If you have questions, contact the person at the top of this letter.

Sincerely,

Scott Bessent
Acting Commissioner
By

Christopher R Martin
Acting Appeals Team Manager

Enclosures:
Publication 1
IRS Appeals Survey

cc:



Department of the Treasury
Internal Revenue Service

Date: 07/14/2026

Employer ID number:

Person to contact:

Name

ID number

Telephone

Fax

Legend:

B = Date

C = Date

D = State

E = State

F = Number

G = Entity

H = Entity

J = Program

UIL:

501 04-00

501 04 06

w dollars = Dollars

x dollars = Dollars

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

Facts

You were formed as a mutual benefit corporation on B in the state of D. On C, you amended and restated your Articles of Incorporation to become a public benefit corporation. Both your Articles of Incorporation and bylaws state that your purpose is to train and register ice hockey officials in the state of D for the purpose of improving the quality of amateur hockey in the state, ensuring uniformity of rule interpretations, creating better understanding between officials, coaches, players, and other persons, developing more efficient officiating, maintaining the highest standards of officiating, and providing a forum for discussion. Further, your bylaws indicate that you will cooperate with any recognized organization authorized to sponsor tournaments to coordinate the methods and manner by which your officials will be selected and assigned to tournament games. The qualifications of said officials will be determined by you and is your responsibility.

Your main function is to select and assign hockey officials to tournament games sponsored by leagues in Northern D and Western E, collect payments from leagues on behalf of the officiating officials, and then transfer the payments to the officials minus an administrative fee. You also test potential ice hockey officials to determine their knowledge level of ice hockey rules and interpretations, provide constructive criticism on their knowledge level, and provide them access to training seminars on ice hockey rules, skating techniques, and procedures in order to augment the knowledge level of the potential hockey officials. You will maintain close contact with G, the state and district referees.

You engage two primary schedulers and one alternate scheduler for (1) adult recreational hockey games across multiple rinks and (2) youth hockey games. The schedulers are paid w dollars a game. Last year, through your schedulers you coordinated assignment of ice hockey officials for L games representing payments to your affiliated officials for game fees, mileage, and other reimbursement of travel related expenses of about x dollars.

You are governed by a board of directors. The members of your executive team include the president, vice president, secretary, and treasurer. You also have numerous committees, including a discipline committee that investigates all complaints and grievances. The board of directors or executive committee must examine and approve all members of all committees.

Your primary source of revenue consists of fees from the various youth and adult hockey organizations for the provision of officiating services. Your primary expenses are payments to certified hockey officials, payment to schedulers, and ice time in order to provide needed training to hockey officials.

Schedulers and your board of directors conduct your activities. You explained that your activities promote your exempt purpose by scheduling, training, and certifying ice hockey officials for quality officiating of amateur hockey and you advertise your service via a website.

Law

IRC Section 501(c)(4) provides for the exemption from federal income tax of organizations not organized for profit but operated exclusively for the promotion of social welfare. Further, exemption shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(4)-1(a)(1) states a civic league or organization may be exempt as an organization described in IRC Section 501(c)(4) if it is not organized or operated for profit, and it is operated exclusively for the promotion of social welfare.

Treas. Reg. Section 1.501(c)(4)-1(a)(2)(i) provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this Section is one that is operated primarily for the purpose of bringing about civic betterments and social improvements.

Revenue Ruling 78-132, 1978-1 C.B. 157, describes an organization that was formed to facilitate the exchange of personal services amongst its members. When a member needed a specific service, he contacted the organization. The organization then provided the member with a list of other members who could execute the task. The member who needed the task performed would then delegate the work to another member. When the transaction was finished, both parties notified the organization of its completion. The transaction would then be

role in facilitating the transfer of economic gain from one party to another. Like this organization you facilitate the transfer of economic gain from one to another by arranging employment for program participants and then acting as a conduit for their payment for services delivered. However, in your situation, the participants are paid for their services.

Like the organization in Contracting Plumbers Cooperative Restoration Corp. v. United States the benefits you deliver to the general welfare of the community pursuant to IRC Section 501(c)(4) are ancillary. Despite the fact that your aim is to enhance the general welfare of the community by improving the quality of amateur hockey officiating, you are operated primarily to advance the economic interests of your program participants. The preponderance of your benefits directly flows to the participating hockey officials. This precludes exemption under Section 501(c)(4).

Your position

You made four distinct and separate arguments to explain why you believe you meet the exemption requirements for IRC Section 501(c)(4) as summarized below:

Argument 1

You assert that your operations meet the required standards of Treas. Reg. Section 1.501(c)(4)-1(a)(i) because:

1. You are certifying officials to officiate at games that are held in a multitude of venues throughout D;
2. You coordinate with G, H, and its affiliate organization(s) and conduct annual tracking or externally administered back-ground checks to verify on-going education in order to filter from your ranks those with a prior history of actual or potential child abuse or sexual misconduct.

Accordingly, you believe that your operations promote civic betterment and/or social welfare in that they support the safety as well as provide qualified officiating who meet the certified requirements of both G and H who administers J for hundreds of amateur collegiate athletes, and multiple thousands of both youth and adult amateur athletes.

Argument 2

You assert that you are not providing employment services to any of your registered officials, officers, directors, or schedulers because:

1. They are independent contractors, and you have no say in whether any of them choose to provide their independent services to a competing organization;
2. They make themselves available to you to officiate amateur hockey games on as needed basis where you are the recognized scheduler by the respective league;
3. They are not charged membership fees like similar organizations.

Therefore, you believe that the application of Rev. Rul. 78-132 is incorrect.

Argument 3

You assert that we ignored that the benefits delivered by you to the general welfare of the community pursuant to IRC Section 501(c)(4). These benefits you state are not ancillary since you provide G and H officials who are qualified, certified capable officials to ensure a sporting environment that serves the benefit of the collective community of the region. You assert that we ignored that this because we are focused on the program participants who you schedule as independent contractors.

You further indicate that you do not dispute our position that the preponderance of benefits directly flows to the hockey officials but disagree that this precludes exemption under IRC Section 501(c)(4).

Argument 4

You provided the names of numerous organizations who hold federal tax-exempt status under IRC Section 501(c)(4) whose activities you believe are like yours. As a result, you believe like these organizations you should be granted exemption under Section 501(c)(4).

Our response to your position

You have not provided any information proving that you meet the requirements of IRC Section 501(c)(4) as explained below:

Argument 1

IRC Section 501(c)(4) allows exemption to civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare. To qualify for tax exemption as a social welfare organization described in Section 501(c)(4), an organization (1) must not be organized for profit, (2) must be operated exclusively for the promotion of social welfare, and (3) no part of the organization's net earnings may inure to the benefit of any private shareholder or individual. The term "exclusively" as used in Section 501(c)(4) has been interpreted to mean "primarily." See American Women Buyers Club, Inc. v. United States. Treas. Reg. Section 1.501(c)(4)-1 further provides that:

"An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purposes of bringing about civic betterments and social improvements."

Although some of your activities may promote social welfare and civic improvement, these activities are secondary to your primary activities of selecting and assigning qualified hockey officials to tournament games sponsored by leagues in parts of D and E, collecting payments from leagues on behalf of the hockey officials, and then transferring the payments minus an administrative fee to the officials who are independent contractors.

You are similar to the organization in Contracting Plumbers Cooperative Restoration Corp. v. United States. While there may be some public benefit, the officials have substantial economic interest in your activities because you are rendering both scheduling and payment services for their benefit.

Therefore, you fail to meet the required standards provided in Treas. Reg Section 1.501(c)(4)-1.

Argument 2

Revenue Ruling 78-132 describes an organization that was formed to facilitate the exchange of personal services amongst its members which did not qualify under IRC Section 501(c)(4). The organization in the revenue ruling provided a service which verified, recorded, and transferred economic gain from one private party's account to another's, and the benefits flowing to the community were insufficient to satisfy the requirements of Section 501(c)(4). Additionally, the pattern of reasoning in Rev. Rul. 78-132 does not rely on that organization's structure as membership organization or whether or not currency is exchanged.

Your primary activities consist of acting as a facilitator for hockey officials by assigning them to hockey games, collecting money for the services from the leagues where these officials provided services and then paying them.

Like the organization in the revenue ruling, you are providing a service that records, verifies, and transfers economic gain from one private parties' account to another's. Since your service is mainly designed to verify, record, and transfer payments to the accounts of the independent contractors who agreed to perform duties in return for payment, the logic of Rev. Rul. 78-132 was applied to your structure, policies, programs, and, most importantly, their outcomes. Consequently, you are not structured to promote civic betterment or social welfare of your community as required by the regulations because the benefits from your activities primarily flow to the hockey officials.

Argument 3

Although you may promote the civic advancement and social welfare of the community by certifying and providing qualified hockey officials to various leagues, you also do not dispute our position that the preponderance of benefits directly flows to the hockey officials. Like the organization in Contracting Plumbers Cooperative Restoration Corp. v. United States, you are providing different and substantial benefits to both the public and to the qualified referees. Therefore, you are not operating primarily for social welfare as required by IRC Section 501(c)(4).

Argument 4

Concerning organizations that you claim are similar to you, the facts and issues concerning the alleged tax-exempt status of those organizations are not relevant to our determination here. Disparate treatment claims are not supported by the law. In City of Galveston, Texas v. United States, the court stated the mere fact that one taxpayer has been treated differently from another taxpayer does not establish the other's entitlement. The fact that all taxpayers or all areas of the tax law cannot be dealt with by the Service with equal vigor and that there thus may be some taxpayers who avoid paying the tax cannot serve to release all other taxpayers from the obligation. As such, a taxpayer cannot premise its right to an exemption by showing that other have been treated more generously, leniently, or even erroneously by the IRS.

Conclusion

Based on the facts and information submitted, you are not described under IRC Section 501(c)(4) because you are not operated primarily for the promotion of social welfare, nor are you primarily engaged in promoting the common good and general welfare of the people of the community. You provide certified officials paid assignments and receive contract fees for these placements. You then pay these fees minus an administrative fee to the officials thereby operating for their economic benefit. Therefore, you do not qualify under Section 501(c)(4).

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.

We sent a copy of this letter to your representative as indicated in your power of attorney.

This letter supersedes our letter dated

Sincerely,

A handwritten signature in cursive script that reads "Stephen A. Martin".

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements