



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

Date:
07/27/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202643022
Release Date: 10/23/26
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.

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

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437
Redacted Letter 4034
Letter 4038

cc:



**Department of the Treasury
Internal Revenue Service**

Date:
06/08/2026
Employer ID number:

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

Legend:

B = State
C = Date
D = County, State
E = City, State
F = product(s)
G = Number

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 automatically revoked as an IRC Section 501(c)(6) organization and are requesting retroactive reinstatement. You were incorporated in the state of B on C. Your application states your purpose is to promote and encourage the highest level of quality of your members' F, to encourage the sharing of ideas, concerns, and technical information among your members, to develop communication and cooperation with local, state, and national organizations, and to bring a higher regard to D as a F producing region. Your Bylaws, Article II, has similar language, but it states your purpose is to bring a higher regard to E as a F producing region.

You further state your mission is to advance the recognition, preservation, and enhancement of D and E as premium F regions through promotion, protection, and educational activities. You aim to accomplish your mission through collective efforts of your staff and members to continue to establish D and E as leaders in the county F community and preserve the authenticity of your locale for future generations. Additionally, you advocate for the rights, interests, and growth of D and E F producers, especially small and family-owned producers.

Your primary activity is holding special F events at your members' businesses which are staffed with their own employees where customers attend with purchased admission. Each of your members' businesses are located within walking distance of each other. The events are cooperative participation by your members which provide funds that are used exclusively to promote the mutual benefit of your members by marketing your members' businesses through multiple social media platforms, various paid and non-paying events, and direct emails. Most of your revenue is generated through your special events and most of your expenditure is for operating your special events.

Your website states you are located in the heart of historic E. You feature G unique F businesses, highlighting the finest F from D. You are dedicated to supporting local businesses. Your website has profiles of each of your members' businesses and provides links to each business. You also have links to other websites to help people plan visits to your area.

You state your members' common business interests are promotion and interest in F production. Members are required to have a state permitted F business within the city of D. You have only one class of membership, which is full membership. Each full member has one voting right. You have G full members. Currently, membership dues are suspended.

You state you should be granted reinstatement as an IRC Section 501(c)(6) organization because there are many other Section 501(c)(6) organizations in your area with similar activities. You state that most of your wording was copied and pasted from other similar organizations' websites.

Law

IRC Section 501(c)(6) provides for the exemption from Federal income tax of business leagues not organized for profit and no part of the net earnings inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(6)-1 provides 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 business ordinarily carried on for profit. Thus, the activities of the business league 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.

Revenue Ruling 55-444, 1955-2, C.B. 258, held that an organization formed to promote the business of a particular industry and conducted a general advertising campaign to encourage the use of products and services of the industry as a whole is exempt. This organization did have an incidental amount of advertising with members' names that didn't adversely affect qualification.

Rev. Rul. 64-315, 1964-2 C.B. 147, held that an organization that advertised the merchandise and the names of its member merchants, was shown to be the primary purpose and activity of the organization. Such activity constituted the performance of particular services for members rather than an activity directed to the improvement of business conditions generally as required by the applicable regulations.

Rev. Rul. 67-77, 1967-1 C.B. 138, held that an organization composed of dealers, where membership in the organization was restricted to dealers in a certain make of automobile, in a designated area, was organized and operated for the primary purpose of financing general advertising campaigns to promote the sale of that make of automobile with funds contributed by dealer members was deemed to be performing services for its members.

by advertising the make of automotive sold by its members, instead of engaging in activities for the improvement of business conditions in the automotive industry as a whole. It was held that the corporation herein involved was primarily a service organization for its members, therefore it did not qualify for exemption from Federal income tax as a business league under IRC Section 501(c)(6).

Rev. Rul. 67-295, 1967-2 C.B. 197, held that an organization composed of businessmen qualified for exemption from Federal income tax under IRC Section 501(c)(6) where its activities were limited to holding luncheon meetings devoted to a discussion, review, and consideration of the various problems in a particular industry directed to the improvement of business conditions as a whole.

Rev. Rul. 73-411, 1973-2 C.B. 180, held that a shopping center merchants' association whose membership was restricted to, and required of, the tenants of a one-owner shopping center and their common lessor, and whose activities included promotional affairs and advertising to publicize the center did not qualify as a business league or chamber of commerce under IRC Section 501(c)(6) because these activities were directed to promoting the general business interest of its members only, rather than of the industry as a whole.

In Washington State Apples, Inc. v. Commissioner, 46 B.T.A. 64 (1942), acq., 1942-1 C.B. 17, the United States Board of Tax Appeals held that an association of apple growers engaged in promoting the sale of apples grown in the state was held exempt since its purpose was to promote the industry as a whole and not members of the organization and to improve a line of business, even though its benefits were limited to a particular geographic area.

In National Muffler Dealers Ass'n., Inc. v. United States, 440 U.S. 472 (1979), the Supreme Court defined "line of business" as used in Treas. Reg. Section 1.501(c)(6)-1, to mean either an entire industry or all components of an industry within a geographic area.

In Engineers Club of San Francisco v. United States, 791 F.2d 686 (9th Cir. 1986), the court concluded that in order to qualify for a business league classification, each and every requirement of Treas. Reg. Section 1.501(c)(6)-1 must be met.

In City of Galveston, Texas v. United States, 33 Fed. Cl. 685, (1995), the court held that the mere fact that another taxpayer has been treated differently from another taxpayer does not establish an entitlement. A taxpayer cannot premise its right to an exemption by showing that others have been treated more generously, leniently, or even erroneously by the IRS.

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 to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons; and (6) of the same general class as a chamber of commerce or a board of trade.

Application of law

IRC Section 501(c)(6) and Treas. Reg. Section 1.501(c)(6)-1 set forth criteria to qualify for exemption as a business league. Bluetooth Sig Inc. distilled Treas. Reg. Section 1.501(c)(6)-1 into six requirements, and each

requirement must be met. See Engineers Club of San Francisco.

Activities are 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

To meet this requirement, two parts need to be met. The first part is whether you are improving the business conditions of one or more lines of business. In National Muffler Dealers Ass'n., Inc., the Supreme Court defined "line of business" as used in Treas. Reg. Section 1.501(c)(6)-1, to mean either an entire industry or all components of an industry within a geographic area.

You are not like the organizations described in Rev. Rul. 55-444, Rev. Rul. 67-295, and Washington State Apples, Inc., which all qualified for exemption under IRC Section 501(c)(6), because your purpose and activities are not directed at improving the business conditions of a particular industry as a whole.

Your primary activity is holding special F events at your members' businesses which are staffed with their own employees where customers attend with purchased admission. These events are restricted to your members who are required to have a state permitted F business within the city of D. These events and your website, which has profiles of each of your members' businesses and provides links to each business, are in effect advertising for your members, instead of advertising the use of products and services of an industry as a whole. Furthermore, you are not promoting an industry as a whole to improve a line of business, instead you are primarily promoting your members.

The second part is whether you are performing particular services for individual persons. In general, a particular service is an activity that serves as a convenience or economy to members in the operation of their businesses. A particular service assists members in the pursuit of their individual businesses rather than advance the members' interests generally, by virtue of their membership in the industry. We also consider whether the activity is directly related to the members' businesses or is merely an extension of those businesses and whether the activity is something the members could do for themselves.

You are like the organizations described in Rev. Rul. 64-315, Rev. Rul. 67-77, and Rev. Rul. 73-411, that did not qualify for exemption under IRC Section 501(c)(6), because you are primarily performing particular services for your members.

As stated above, your primary activity of holding special F events at your members' businesses and your website, which has profiles of each of your members' businesses and provides links to each business, are in effect advertising for your members. You are primarily promoting the general business interests of your members, which is performing particular services for your members, rather than engaging in activities directed to the improvement of business conditions of a particular industry as a whole. You are primarily a service organization for your members.

You state you should be granted reinstatement as an IRC Section 501(c)(6) organization because there are many other Section 501(c)(6) organizations in your area with similar activities. You state that most of your wording was copied and pasted from other similar organizations' websites. However, like City of Galveston, Texas, the mere fact that another taxpayer has been treated differently from another taxpayer does not establish an entitlement. You cannot premise your right to an exemption by showing that others have been treated more generously, leniently, or even erroneously by the IRS.

Conclusion

Your primary purpose is holding special F events at your members' businesses which are staffed with their own employees where customers attend with purchased admission. Moreover, your website advertises your members' businesses only. Although you may improve the F industry in D and E in some way, this is incidental. Your primary purpose is not directed to the improvement of business conditions of one or more lines of business, rather you perform particular services for your members. Therefore, you do not qualify for IRC 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.

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

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements