

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 2350 Los Angeles, Calif. 90053

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

Date:

Gentlemen:

We have considered your application for exemption from Federal Income Tax as an organization described in sections 501(c)(4) and 501(c)(6) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the laws of the State of [REDACTED] on [REDACTED].

The purpose as stated in Article III of your Articles of Incorporation for which your organization was formed is "to provide an incorporated organization of the owners of the property located within the area covered by the Specific Plan for a Portion of [REDACTED] as established by City of [REDACTED] Ordinance No. [REDACTED]." The purpose as stated on your application and answers to supplementary questions is to build a bridge in a commercial real estate development.

Section 501(c)(4) of the Code provides in part that "Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local association of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes."

The Income Tax Regulations section 1.501(c)(4)-1(a) states that a civic league or organization described in section 501(c)(4) may be exempt if it is not organized or operated for profit and it is operated exclusively for the promotion of social welfare. The Regulations further describes social welfare activities as promoting in some way the common good and general welfare of the people of the community. An organization coming within the purview of this section is one which is operated primarily for the purpose of bringing about civic betterment and social improvement.

Section 501(c) of the Internal Revenue Code of 1954 describes certain organizations exempt from income tax under Section 501(a) and reads, in part, as follows:

"(6) Business leagues, chambers of commerce, real-estate boards, boards of trade or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of Income Tax Regulations provide, in part as follows:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities 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."

Nowhere is it shown that you operate in any way that is directed towards the general economic welfare of the community within the meaning of sections 501(c)(4) and 501(c)(6) of the Code. On the contrary, your purpose serves the individual economic interest of the owners and lessors of [REDACTED].

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in sections 501(c)(4) and 501(c)(6) of the Internal Revenue Code or any other section of the Code.

If you are not in agreement with our determination we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law and any other information to support your position as explained in the enclosed Publication 892.

You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient district office. A self addressed envelope is enclosed.

If you are in agreement with this proposed determination, we recommend that you sign the enclosed Consent to Proposed Adverse Action (Form 6018), noting in particular the signature instructions on the back of the form.

If we do not receive a protest from you within 30 days from the date of this letter it will be considered by the Internal Revenue Service as failure to exhaust available administrative remedies and this letter will become final. If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Very truly yours,

District Director

Enclosure:
Publication 892
Envelope
Form 6018