

[REDACTED]  
[REDACTED]  
[REDACTED]  
JUL 31 1991

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(9) of the Internal Revenue Code.

The information submitted indicates that you were incorporated on [REDACTED] under the [REDACTED] Non-Profit Corporation laws.

Your purposes as stated in the application is to provide products and services at a lower cost to employees of many small businesses.

Your purpose as stated in your Articles of Incorporation is to provide employees of retail and service businesses, institutions, and organizations in [REDACTED] and [REDACTED] Counties, [REDACTED], health related products, including but not limited to prescription and nonprescription drugs, prophylactics, prostheses, and other health related products, at reduced or below normal retail prices.

Membership is limited to employees of retail and service businesses, institutions, and organizations with a place of business in [REDACTED] and [REDACTED] Counties, [REDACTED]. This requirement is stated in your Articles of Incorporation and your Bylaws.

Section 501(c)(9) of the Internal Revenue Code exempts from Federal income tax, voluntary employees' associations providing for the payment of life, sick, accident, or other benefits to their members (or their dependents or designated beneficiaries) if no part of the net earnings inures (other than through such payments) to the benefit of any private shareholders or individual.

Section 1.501(c)(9)-2(1) of the Income Tax Regulations states:

"Membership - (1) in general: The membership of an organization described in section 501(c)(9) must consist of individuals who become entitled to participate by reason of their being employees and whose eligibility for membership is defined by reference to objective standards that constitute an employment-related common bond among such individuals.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]						
Date	7/31/91						

[REDACTED]

Typically, those eligible for membership in an organization described in section 501(c)(9) are defined by reference to a common employer (or affiliated employers), to coverage under one or more collective bargaining agreements (with respect to benefits provided by reason of such agreement(s)), to membership in a labor union, or to one or more locals of a national or international labor unions."

Your members are employers of retail and service businesses, institutions, and organizations with a place in [REDACTED] and [REDACTED] Counties, [REDACTED]; therefore, they have no employment-related common bond as required by section 501(c)(9) of the Internal Revenue Code.

Accordingly, it is held that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(9) of the Code, and you are required to file Federal income tax returns on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

[REDACTED]  
District Director

Enclosures:  
Publication 892  
Form 6018