

[REDACTED] [REDACTED]
[REDACTED]
MAY 19 1987

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.

This information submitted indicates that you were established by the execution of a trust and plan on [REDACTED]. The trust and plan was intended to provide a means of providing vacation and recreation facilities to the employees of [REDACTED].

Membership in the Association is available to those employees who have attained the age of 21 years and has completed 1 year of continuous service (which includes service with the sole proprietorship). Since your creation you have had only 1 member.

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

"(9) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual."

Revenue Ruling 85-149, 1985-2 Cumulative Bulletin, 167 provide that a trust created to provide life, sick, accident, and other benefits to only one employee does not qualify for exemption under section 501(c)(9) of the Code.

Based on the information submitted, we hold that you do not qualify for exemption under section 501(c)(9) of the Code because you only have one member. Since you have not acquired any recreational facilities to date, we are not making a determination at this time of whether there is an INCREMENT of net income to your member.

Index	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[REDACTED]					
		[REDACTED]					
		[REDACTED]					


You are required to file an annual income tax return on Form 1041.

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 6034 in the enclosed self-addressed envelope, if you are possible.

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

Sincerely,


District Director

Enclosure
Form 6034
Publication 892

