



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
1100 Commerce Street, MC 4920DAL
Dallas, TX 75242

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: **Oct 18 2018**

Person to Contact:

Number: **201909012**

Release Date: 3/1/2019

Identification Number:

UIL Code: 501.03-00

Contact Telephone Number:

Telephone Number:

Fax:

EIN:

CERTIFIED MAIL - Return Receipt Requested

Dear :

This is a final determination that your exempt status under section 501(c)(3) of the Internal Revenue Code is revoked. Recognition of your exemption under Internal Revenue Code section 501(c)(3) is revoked effective July 1, 20XX for the following reason(s):

You have made a material change in your organization's purpose and activities. Rev. Rul. 58-617 provides that an organization's exempt status will remain in effect only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. As such fails to meet the operational requirements to continue its exemption status under IRC 501(c)(3).

You have not demonstrated that you are operated exclusively for charitable, educational, or other exempt purposes within the meaning of I.R.C. section 501(c)(3). Organizations that are described in I.R.C. section 501(c)(3) and section 501(a) must be organized and operated exclusively for an exempt purpose. You have not established that you have operated exclusively for an exempt purpose.

As such, you failed to meet the requirements of Internal Revenue Code section 501(c)(3) and Treasury Regulation Section 1.501(c)(3)-1(d), in that you failed to establish that you were operated exclusively for an exempt purpose.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code, effective July 1, 20XX.

You are required to file Federal income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the year ending June 30, 20XX, and for all subsequent years.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment. Please contact the clerk of the respective court for rules and the appropriate forms regarding filing petitions for declaratory judgment by referring to the enclosed Publication 892. Please note that the United States Tax Court is the only one of these courts where a declaratory judgment action can be pursued without the services of a lawyer. You may write to the courts at the following addresses:

United States Tax Court
400 Second Street, NW
Washington, DC 20217

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20005

U. S. District Court for the District of Columbia
333 Constitution Ave., N.W.
Washington, DC 20001

You may call the IRS telephone number listed in your local directory. An IRS employee there may be able to help you, but the contact person at the address shown on this letter is most familiar with your case. You may also call the Internal Revenue Service Taxpayer Advocate. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. We can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for our assistance, which is always free, we will do everything possible to help you. Visit taxpayeradvocate.irs.gov or call 1-877-777-4778

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

Sincerely yours,



Enclosures:
Publication 892
Envelope

Maria Hooke
Director, EO Examinations



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

Date:
May 18, 2018
Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact:

Employee ID:
Telephone:
Fax:
Manager's Contact Information:

Employee ID:
Telephone:
Response Due Date:

CERTIFIED MAIL – Return Receipt Requested

Dear :

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to

sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right

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 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.

For additional information

You can get any of 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 shown at the top of this letter.

Sincerely,

Maria Hook
Director, EO Examinations

Enclosures:
Form 886-A
Form 6018
Publication 3498
Publication 892

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	ADDENDUM
Name of Taxpayer		Year/Period Ended June 30, 20XX

ISSUES

Whether () continues to qualify for exemption as an organization described in the Internal Revenue Code (IRC) Section 501(c)(3) because of no operation or activity since 20XX which includes the year of examination.

FACTS

was incorporated under the laws of the State of as a non-profit corporation on June 24, 19XX and amended on August 5, 19XX for the purposes of the following:

To provide dental care to all the sick and injured who may come to it for diagnosis, treatment and care, without regard to race, color, creed, sex or age.

To engage as a professional service corporation in the practice of the profession of dentistry as authorized by Article 15 of the Business Corporation Law.

To carry on any activities whatsoever that this corporation deem proper or convenient in connection with the foregoing purpose, or that it may deem calculated, directly or indirectly, to improve the interests thereof, and to have to exercise all powers conferred by the laws of the State of on corporations formed under the laws pursuant to which and under which this corporation is formed, as such laws are now in effect or may at any time hereafter be amended, and to do any and all things hereinabove set forth to the same extent and as fully as natural persons might or could do alone or in connection with other persons, firms, associations, or corporations, and in any part of the world.

On February 17, 19XX was recognized to be exempt from federal income tax as an organization described in IRC Section 501(c)(3).

Per review of Articles of Incorporation and F1023 Application for Recognition of Exemption Financial Support, Attachment B enclosed in the EO's determination file. The sole source of the organization's financial support is the

(), which is an exempt organization under IRC 501(c)(3) and a governmental unit under IRC 170(c)(1). funds the organization's annual budget, which is subject to the approval of and includes the funds solely for the payment of salaries and related benefits to the organizations employees.

In letter dated May 4, 20XX, the organization wrote, "During the years between 19XX

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	ADDENDUM
Name of Taxpayer		Year/Period Ended June 30, 20XX

and approximately 20XX received continuous funding from to employ attending dentists who provided patient care and trained dental residents at . That funding ceased in approximately 20XX”.

During discussion on May 9, 20XX, the organization’s President stated the has ceased to receive funding from the in 20XX and has been inactive since 20XX.

According to the Department of State Division of Corporations the organization is still active.

LAW

IRC § 501(c)(3) exempts from federal income tax organizations which are organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Tax Reg. § 1.501(c)(3)-1(d)(i) states that an organization may be exempt as an organization described in 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, educational, or prevention of cruelty to children or animals.

Tax Reg. § 1.501(c)(3)-1(a)(1) of the regulations provides that in order to be exempt as an organization described in section 501(c)(3) of the Code, the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section.

Tax Reg. § 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as “operated exclusively” for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)

Revenue Ruling 58-617, 1958-2 CB 260, (Jan. 01, 1958) Rulings and determinations letters granting exemption from federal income tax to an organization described in

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	ADDENDUM
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section 501(a) of the Internal Revenue Code of 1954, to which contributions are deductible by donors in computing their taxable income in the manner and to the extent provided by section 170 of the Code, are effective only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. Failure to comply with this requirement may result in serious consequences to the organization for the reason that the ruling or determination letter holding the organization exempt may be revoked retroactively to the date of the changes affecting its exempt status, depending upon the circumstances involved, and subject to the limitations on retroactivity of revocation found in section 503 of the Code.

TAXPAYER'S POSITION

The organization's President declared that the organization has no operational or financial activities. During the years between 19XX and approximately 20XX () received continuous funding from () to employ attending dentists who provided patient care and trained dental residents at . That funding ceased in approximately 20XX.

GOVERNMENT'S POSITION AND CONCLUSION

As demonstrated in Rev. Rul. 58-617, an organization's exempt status will remain in effect only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. In the case of the organization has been inactive for several years and there have been no activities conducted. The sole financial activity is from the remaining interest income and investment income of the EO. As such, fails to meet the operational requirements to continue its exemption status under IRC 501(c)(3). Therefore, the effective revocation date will be July 1, 20XX.

On May 4, 20XX agent discussed proposed revocation of the organization's exempt status as organization is no longer operating for an exempt purpose.

If you agree to this conclusion please sign the attached Forms.

If you disagree please submit a statement of your position.