



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
P.O. Box 2508
Cincinnati, OH 45201

Date:
04/29/2025
Employer ID number:

Form you must file:
1120
Tax years:
All Years
Person to contact:

Release Number: 202530018
Release Date: 7/25/2025
UIL Code: 501.06-00

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.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437
Redacted Letter 4034
Letter 4038



Department of the Treasury
Internal Revenue Service
PO Box 2508
Cincinnati, OH 45201

Date: 01/30/2025

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

B = State

C = Date

D = Company Name

UIL:

501.06-00

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 formed in the state of B on C as an unincorporated association.

You are a member organization wherein 100% of your members are financial professionals working on behalf of D, a for-profit corporation selling financial services and products to clients to help them reach their financial goals. You are formed to educate, develop, and train the salesforce of D, while providing a forum to facilitate discussions in order to position D as a superior sales force within the financial services industry. Your activities on behalf of D include a two-day annual meeting, a two-day annual executive committee meeting, an annual recruiting campaign and quarterly virtual meetings with members. Your meetings provide networking opportunities for members, while allowing all members to take advantage of trainings and discuss improvements to the industry and/or the business of D. All members of your organization are financial professionals who are responsible for selling D's financial products. While you do not sell or promote the products and services of D directly, the members, to whom you are providing training and development services, are financial professionals serving in a sales capacity for D. You are entirely supported by dues from your members.

Law

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

Treasury Regulation Section 1.501(c)(6)-1 defines a business league as an association having a common business interest, whose purpose is to promote the common business interest and not to engage in a regular business of a kind ordinarily carried on for profit. Its activities should be directed to the improvement of business conditions of one or more lines of business rather than the performance of particular services for individual persons.

For exemption purposes, a line of business is a trade or occupation, entry into which is not restricted by a patent, trademark, or similar device which would allow private parties to restrict the right to engage in the business. A "segment" of a line of business is not considered a line of business under Section 501(c)(6) of the Code.

Revenue Ruling 55-444, 1955-2 C.B. 258, states that an organization formed to promote the business of a particular industry that carries out its purposes primarily by conducting a general advertising campaign to encourage the use of products and services of the industry as a whole is exempt from tax notwithstanding that such advertising to a minor extent constitutes the performance of particular services for its members.

Revenue Ruling 58-294, 1958-1 C.B. 244, holds that an association of licensed dealers in a certain type of patented product did not qualify as a business league. The association in this ruling owned the controlling interest in the corporation that held the basic patent of the product, it engaged mainly in furthering the business interests of its member dealers, and it did not benefit businesses that manufactured competing product of the same type covered by the patent.

Revenue Ruling 67-77, 1967-1 C.B. 138 also ruled that an association of dealers selling a particular make of automobile that engaged in financing general advertising campaigns to promote the sale of that particular make was not exempt because it was performing particular services for its members rather than promoting a line of business, i.e., the automotive industry as a whole. In this ruling, membership in the organization was restricted to dealers who held franchises for the sale of the automobiles designated in the area.

In Revenue Ruling 68-182, 1968-1 C.B. 263, the Service's position was stated that organizations promoting a single brand or product within a line of business do not qualify for exemption under section 501(c)(6) of the Code.

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 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.

In National Muffler Dealers Association, Inc. v. United States, 440 U.S. 472, Ct. D. 1997, 1979-1 C.B. 198 (1979), the Court held that an organization of muffler dealers franchised by Midas International Corporation did not qualify for exemption from federal income tax as a business league under section 501(c)(6) of the Code. The organization's purpose was too narrow to satisfy the line of business test of section 1.501(c)(6)-1 of the regulations.

In Guide International Corporation v. United States 948 F.2d 360 (7th Cir. 1991), the court concluded that an association of computer users did not qualify for exemption under IRC 501(c)(6) because it essentially benefited users of I.B.M. equipment.

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.

You are not described in Section 501(c)(6) of the Code because you are not organized and operated as a business league, but you are operated to perform particular services to your members and further to the business these members work for.

You are not described in Treas. Reg. Section 1.501(c)(6) because your activities are directed to perform services for the benefit of the owner of a particular business rather than to the improvement of business conditions of one or more lines of business.

You are not similar to the organization described in Revenue Ruling 55-444 because your activities are directed at only benefitting the D organization and promoting its interests as well as promotion of the D brand. Therefore, you are not improving the business conditions of an industry as a whole.

You are similar to the organizations described in Revenue Rulings 58-294, and 67-77, because you are engaged in furthering the business interests of D through the training of sales professionals exclusively in the employment of D, selling D's financial products to its clients rather than the improvement of business conditions of one or more lines of business.

You are like the organizations described in Revenue Rulings 68-182 and 83-164, because your activities are exclusively directed for the interests and benefit of a specific business. Your workshops and training are tailored for the D's specific needs to further the sales of its financial products.

Per Engineers Club of San Francisco, you do not qualify for business league classification because you did not meet each and every requirement under of Treas. Reg. Section 1.501(c)(6)-1. Per Bluetooth SIG Inc., your activities may not be distinguished from the performance of 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.

You are similar to the organizations described in National Muffler Dealers Association and Guide International Corporation v. United States, because your activities specifically serve members who are particular employees of a single business organization. You provide assistance and services to a particular business which does not represent one or more line of businesses.

Conclusion

All requirements of IRC Section 501(c)(6) and Treas. Reg. Section 1.501(c)(6)-1 must be met in order to qualify as a business league. Your activities are not directed to the improvement of business conditions of one or more lines of business, rather they are providing particular services for your individual members. Your activities are directed towards a segment or a line of business because your members are limited to employees of a particular brand. You do not meet all of the requirements of Section 501(c)(6) of the Code, therefore, you do not qualify for exemption as a business league under 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
- One of the following declarations:

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.

For authorized representatives:

Under penalties of perjury, I declare that I prepared this protest statement, including accompanying documents, and to the best of my knowledge and belief, the statement contains all relevant facts, 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 find 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.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

