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

Date:
04/29/2025
Employer ID number:

Person to contact:

Release Number: 202530019
Release Date: 7/25/2025
UIL Code: 501.03-00, 501.03-30

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)(3). 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.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

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
Redacted Letter 4038

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

Date:
02/27/2025
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

Legend:
C = State
D = Date
E = Beef

UIL:
501.03-00
501.03-30

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)(3). 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)(3)? No, for the reasons stated below.

Facts
You were formed as a nonprofit corporation in C on D. Your Articles of Incorporation states that your purpose is to offer, conduct, support, encourage and/or assist with educational, charitable, and other programs and projects that are related to promoting the raising, marketing and benefits of E by: (i) facilitating the development of the E breed and product internationally with good will and integrity; (ii) to foster good relations between members in the association; (iii) to promote the E and product throughout the world; (iv) to exchange scientific and technical information among its members; (v) to provide a forum for establishing a world E conference; (vi) establish protocols for the exchange of E genetic information between and among its members; (vii) help facilitate and promote E products; and (viii) providing charitable, educational and other programs and projects. Also, your Articles of Incorporation states that your directors are made of individuals from different countries. The Articles of Incorporation include provisions for the distribution of assets upon dissolution.

The bylaws states that you will have two classes of Members: Full members and Associate Members. Full members shall be an E association that has been established to represent the E breed in a country. Full members may be represented by up to delegates but have only one vote. Associate Members are E associations or societies from countries that do wish to be full members. Associate members may attend member meetings but are not allowed to vote on any matter. Any person, eligible and qualified for membership will be admitted only on the approval by the Board of Directors and upon the payment of the annual fees. There is no fee for applying for membership. Members pay annual dues in the amounts determined by resolution of the Board of Directors, from time to time. There is no limit on the number of members that may be admitted. If members fail to pay its dues or assessments within 90 days of the due date, they are automatically terminated at the end of the 90-day period, provided that the member was given fifteen days prior written notice of the termination stating the reasons for termination and a timely opportunity to be heard on the matter of the termination.

You state that you're made up of member E associations around the world to discuss ideas and pursue initiatives that will promote the E brand internationally. The activity is conducted virtually by phone conferences and at least every years in a face-to-face meeting in a country hosted by the member country in charge of administrative duties. Funding is provided by annual membership dues. Based on the website provided on your application, your mission is to enhance the international brand of E for the benefit of your member countries. It also states that you're comprised of E associations and societies from countries around the world dedicated to cooperative efforts and initiatives from members to promote and develop the integrity of the E and brand internationally.

Law

IRC Section 501(c)(3) provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable, education and other purposes, including the prevention of cruelty to children or animals provided that no part of the net earnings inure to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) provides that, in order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organization test or the operational test, it is not exempt.

Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

a) Limit the purposes of such organization to one or more exempt purposes; and
b) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) 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 IRC Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides an applicant must show that it serves a public rather than a private interest and specifically that is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organizations, or persons, controlled, directly or indirectly, by such private interests.

Revenue Ruling 61-170, 1961-2 C.B. 112, held that an association of professional nurses that operated a nurses' registry to provide greater employment opportunities to its members and to organize an adequate and available nursing placement service for the community did not qualify for exemption under IRC Section 501(c)(3). By operating an employment service principally for the benefit of its members, the organization served private interest more than insubstantially and consequently was not organized and operated exclusively for charitable or other exempt purposes.

Rev. Rul. 71-505, 1971-2 C.B. 232 describes a city bar association cannot be reclassified as an organization described in Section 501(c)(3). Specifically, a substantial portion of the organization's activities were directed at the promotion and protection of the practice of law and thus further the common business purpose of its members. These activities were substantial and reflect noncharitable and noneducation purposes.

Quality Auditing Company, Inc. v Commissioner, 114 T.C. 498 (2000), describes an organization whose activities consisted of performing quality audits of steel fabricators. It was held the organization more than incidentally served private interests of the owners and developers and therefore did not qualify for exemption under IRC Section 501(c)(3).

In Better Business Bureau of Washington D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes.

Application of law

IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests to qualify for exempt status. An organization must be both organized and operated exclusively for purposes described in IRC Section 501(c)(3). You have failed to meet the organizational and operational requirements, as explained below.

Your Articles of Incorporation state in part that your purpose is formed to "other programs and projects that are related to promoting the raising, marketing and benefits of E by: (i) facilitating the development of the E and product internationally with good will and integrity; (ii) to foster good relations between members association; (iii) to provide a form for establishing a world E conference; (iv) to exchange scientific and technical information among its members; (v) establish protocols in the exchange of E genetic information between and among its members; and (vi) help facilitate and promote E products. Because your Articles of Incorporation do not limit your purposes to those described in Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i), you fail the organizational test under Section 501(c)(3).

You fail the operational test because you do not meet Treas. Reg. Section 1.501(c)(3)-1(c)(1). Your purposes are focused on promoting the E brand and to foster good relations between your members . Your programs are related to promoting the raising, marketing, and benefits of E, to facilitate the development of the E brand and product internationally and to exchange scientific and technical information between your members. These activities show that you are not operated exclusively for charitable or educational purposes, but for the purpose of benefits to your members.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides an applicant must show that it serves a public rather than a private interest and specifically that is not organized or operated for the benefit of private interests. You are like the organization described in Rev. Rul. 61-170 and Rev. Rul. 71-505 in that the primary beneficiaries of your activities are your members and not the general public. You have a limited membership. Your members pay a fee. Your members receive a benefit.

Like the organization in the court case, Quality Auditing Company, you are more than incidentally serving private interests. As explained in the court case, Better Business Bureau, although you may have some educational purpose, you are operated for substantial nonexempt purposes.

Conclusion

Based on the facts and circumstances presented, you do not qualify for exemption from federal income tax as an organization described in IRC Section 501(c)(3). You are not organized and operated exclusively for exempt purposes set forth in Section 501(c)(3). You do not meet the organizational test because your organizing document does not limit your purposes to those described in IRC Section 501(c)(3). You also do not meet the operational test or IRC Section 501(c)(3) because you are operated to further the private interest of your members and are operate for substantial non-exempt purpose. Your operations are not exclusively charitable nor educational. Therefore, you do not qualify for exemption under IRC Section 501(c)(3).

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
- The following declaration:

  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.

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 get 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.

We sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements