



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

Date:
06/09/2025
Employer ID number:

Person to contact:

Release Number: 202536041
Release Date: 9/5/2025
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**

Date:
04/15/2025
Employer ID number:

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

Legend:

B = State
C = Date
D = Region
E = Region
F = Country

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 incorporated in B on C. Your Articles of Incorporation state that you seek governmental and private grants to promote and empower democracy in the D. Your goal is to improve the livelihood and the human condition in this region.

You state that your purpose is to empower democracy in emerging and fragile democracies in D. This includes:

- Inclusiveness and diversity in society,
- Support of an independent press,
- Polling and interviewing to understand public opinion on issues,
- Agricultural and business enterprises to improve livelihoods and human condition,
- Technological training
- Mentoring and coaching
- The establishment of a civil society with:
 - Political parties

- Trade unions
- Free markets, and
- Human rights including freedom of speech, freedom of media, and freedom to assemble.

This work is done by paid staff members under the direction of your board of directors. Your board of directors are your only class of membership. You will not have other members. You will begin your work in the E region of F. You will seek grants to fund your activity. Your goal is to empower and strengthen democracy in F and the D.

You anticipate working with businesses and universities to help in your research and training programs to empower democracy. You also anticipate working with governmental leaders and concentrating on the nexus of civilian and government relations.

You anticipate all of your funding coming from donations. Your primary expenses are compensation of officers, directors, and trustees, other salaries and wages, occupancy, and professional fees.

Law

IRC Section 501(c)(6) provides exemption from federal income tax for business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues (whether or not administering a pension fund for football players), which are 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 states that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be 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. An organization, whose purpose is to engage in a regular business of any kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league.

Revenue Ruling 59-391, 1959-2 C.B. 151, held that an organization composed of individuals, firms, associations and corporations, each representing a different trade, business, occupation or profession whose purpose is to exchange information on business prospects has no common business interest other than a mutual desire to increase their individual sales. The activities are not directed to the improvement of one or more lines of business, but rather to the promotion of the private interests of its members and is not exempt under IRC section 501(c)(6).

In Rev. Rul. 70-244, 1970-1 C.B. 132, the organization's membership consists of business and professional persons in the community. Its articles of incorporation state it was formed to bring together members and their guests to exchange idea for improving business conditions within the community. It does not have any specific program directed to the improvement of business conditions in the community. Since this organization has no program designed to improve business conditions of one or more lines of business, it is held that the organization is not exempt from federal income tax under IRC Section 501(c)(6).

Rev. Rul. 73-411, 1973-2 C.B. 180, describes an organization that was not structured along industry or business lines but was composed of various types of businesses and commercial endeavors comprising a shopping center. Therefore, its right to exemption, if any, had to rest on its characterization as a chamber of commerce or board of trade or similar organization. The revenue ruling further indicates that chambers of commerce and boards of trade direct their efforts at promoting the common economic interests of all the commercial enterprises in a given trade community. In the case of a chamber of commerce or similar organizations, the common business interest is usually the general economic welfare of a community. Membership is voluntary and open generally to all business and professionals in the community. The organization described in this revenue ruling did not qualify as a business league or chamber of commerce under section 501(c)(6).

In American Automobile Association v. Commissioner, 19 T.C. 1146 (1953), a national association of individual auto owners and affiliated auto clubs, did not qualify as a business league because the Association's principal activities consisted of securing benefits and performing particular services for members.

Application of law

You are not described in IRC Section 501(c)(6) and Treas. Reg. Section 1.501(c)(6)-1 because the facts show you are not formed to promote the common business interests of a particular industry or trade. You do not have a common business interest, your purpose is not promoting a common business interest, and your activities do not improve business conditions of one or more lines of business. Instead, you are formed to empower democracy in emerging and fragile democracies. Since you have no program designed to improve business conditions along one or more lines of business, you do not qualify under Section 501(c)(6).

You are like the organization described in Rev. Rul. 59-391 and in American Automobile Association since your activities are not directed to the improvement of one or more lines of business, but rather the empowerment of democracy in emerging and fragile democracies.

Like the organization in Rev. Rul. 73-411, you are not structured along any particular industry or business lines. Therefore, to meet exemption under IRC Section 501(c)(6), you must depend on being characterized as a chamber of commerce. Because your membership only includes your board of directors you do not meet the definition of a chamber of commerce within the meaning of Section 501(c)(6).

You are similar to the organization in Rev. Rul. 70-244 because you do not have any specific program directed to the improvement of business conditions in the community. Since you have not described any programs designed to improve business conditions of one or more lines of business you do not qualify under IRC Section 501(c)(6).

Conclusion

Your membership is limited to only your board of directors and you are not a membership organization. Your primary purpose is to empower and strengthen democracy in the D. You do not have a common business interest, your purpose is not promoting a common business interest, and your activities do not improve business conditions of one or more lines of business. Therefore, you do not meet the requirements for exemption under IRC 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
- 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.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements