



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

Date:
06/26/2025
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202538027

Release Date: 9/19/2025

UIL Number: 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

Redacted Letter 4038



**Department of the Treasury
Internal Revenue Service**

Date:
05/02/2025
Employer ID number:

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

Legend:

B = State
C = Date
D = Name
E = Name
F = 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 formed as a non-profit corporation in B on C. Your Articles of Incorporation state that your purpose is to share D with your members.

You are formed to:

- Facilitate exchange of timely and relevant information related to E among your members
- Collect, analyze, and disseminate information about emerging E threats.
- Coordinate incident response, share incident reports, provide guidance and support to members during E incidents to mitigate impact and facilitate recovery
- Conduct training sessions, workshops, webinars, and conferences to educate members on E best practices
- Collaborate on vulnerability assessments, share information on software vulnerabilities, patches, and mitigation strategies to help members address weaknesses
- Conduct proactive threat hunting activities to identify and analyze potential threats and attack patterns.
- Conduct research and analysis on sector-specific E threats, trends, and risks, generating reports and insights to enhance the sectors collective security.
- Providing a platform for members to collaborate, network, and establish trusted relationships.

Letter 4034 (Rev. 01-2021)
Catalog Number 47628K

You plan to be primarily funded by membership dues, corporate sponsorships, event fees, and fee-for-service offerings. These fee-for-service offerings include specialized trainings, consulting, or incident response support to members or external clients.

Your incident response support services include providing real-time assistance and guidance during F incidents, helping organizations understand the nature of the threats they face. You also document and share the lessons learned during these incidents and use the F reports generated to raise awareness about evolving tactics, techniques, and procedures used by F attackers.

You provide access to your threat database, exclusive conferences, an encrypted platform for sharing D and collaborating on threat responses with other members, and a monitoring service that provides continuous monitoring of F threats and proactive alerts to members.

You also provide:

- Customizable training programs and educational sessions focused on F prevention and response,
- Personalized risk assessments that provide detailed evaluations of an organization's security posture and tailored recommendations for improvement,
- One-on-one consulting to help your members to develop and implement security policies and incident response plans that are customizable strategies based on the unique infrastructure and requirements of each member.

Law

IRC Section 501(c)(6) 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 states that a business league is an association of persons having some common business interests, the purpose of which is to promote such common interest and not to engage in a regular business other kind ordinarily carried on for profit. The Regulations further state that the activities of a business late should be directed to the improvement of business conditions in one or more lines the business as distinguished from the performance of particular services for individual members. An organization whose purposes to engage in a regular business of a 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 56-65, 1956-1 C.B. 199, holds that a local organization whose principal activity consists of furnishing particular information and specialized individual services to its individual members engaged in a particular industry, through publications and other means to effect economies in the operation of their individual businesses, is performing particular services for individual persons. Such organization is no entitled to exemption under Section 501(c)(6) as a business league, even though it performs functions that are of benefit to the particular industry and the public generally.

Rev. Rul. 68-264, 1968-1 C.B. 264, defines a particular service for the purposes of Section 501(c)(6) as being an activity that serves as a convenience or economy to the members of the organization in the operation of their businesses.

In MIB, Inc. v. Comm'r, 734 F.2d 71 (1st Cir. 1984), the court held that a major factor in determining whether services are “particular” is whether they are supported by fees and assessments in “approximate proportion to the benefits received”.

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 associations principal activities consisted of securing benefits and performing particular services for members.

In Engineers Club of San Francisco v. United States, 791 F.2d 686 (9th Cir. 1986), the Ninth Circuit Court of Appeals held 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. Treas. Reg. Section 1.501(c)(6)-1 requires a business league to be an association (1) of persons having a common business interest; (2) whose purposes 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; (6) of the same general class as a chamber of commerce or a board of trade.

In Indiana Retail Hardware Assn., Inc. v. United States, 117 Ct. Cl. 288 (1996), the court held that when conducting particular services for members is a substantial activity of an organization, the organization will be precluded from exemption under Section 501(c)(6).

Application of law

Based on the information submitted, you have failed to establish that you are operated for exempt purposes within the meaning of IRC Section 501(c)(6) and the related income tax regulations. As such, we are unable to determine you are primarily engaged in the promotion of common business interests.

Treas. Reg. Section 1.501(c)(6)-1 states that activities must be directed to the improvement of business conditions for one or more lines of business rather than the performance of particular services to members. As seen in Engineers Club of San Francisco, failing to meet one requirement of Treas. Reg. Section 1.501(c)(6)-1 can preclude exemption under Section 501(c)(6).

The majority of your time is spent providing tailored trainings, personalized risk assessments, one-on-one consulting services, and real-time incident response services. These services are supported by fees and assessments in approximate proportion to the benefits received and as such, would constitute the performance of particular services to individuals. See MIB, Inc. v. Comm'r.

Similar to the organizations described in Rev. Rul. 56-65, Rev. Rul. 68-264, American Automobile Association, and Indiana Retail Hardware Assn., Inc., you are providing particular services to individuals that would preclude exemption under Section 501(c)(6).

Conclusion

Based on the information submitted, you are not organized and operated exclusively for exempt purposes within the meaning of IRC Section 501(c)(6). You are organized and operated primarily to provide tailored trainings, personalized risk assessments, one-on-one consulting, and real time incident response services. These services are not directed to the improvement of business conditions of one or more lines of business, but rather constitute

the performance of particular services for individual persons. Accordingly, you do not qualify for exemption 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
- 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