



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: 202538040
Release Date: 9/19/2025
UIL Number: 501.06-00, 501.06-01

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:
05/09/2025
Employer ID number:

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

Legend:

W= State
X = Date
Y = Number

UIL:
501.06-00
501.06-01

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 as a non-profit corporation in W on X. According to your Articles of Incorporation your purpose is business networking and all other lawful activities.

You hold monthly networking events open to the general public. These events are two hours long, held at a local business, sponsored by a local business, and attended by over Y networking professionals. Sponsors have two sponsorship levels:

- Annual Gold Sponsors receive prominent logo placement and a link on your website, their logo on your social media posts, and their logo on your event welcome banner.
- Monthly Event Sponsors receive a welcome table at the entrance of your event and their logo on your social media post for their event.

Your events are free to the general public and centered around promoting a local venue, promoting a local sponsor, gathering like-minded professionals, and improving visibility for local businesses. Your sponsorship sub-committee works with the sponsor to host the event, collect attendee information, and set up marketing material to display at the event.

The purpose of these events is to bring others the opportunity to make the connections they need to be successful. You believe in the concept of organic growth networking which allows your guests to network at

Letter 4034 (Rev. 01-2021)
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their own pace. Your board of directors also help facilitate that concept by making your guests feel welcome and offering personal introductions if needed. You partner with locally owned venues to host your events. Your group's common goal is connecting likeminded professional and promoting their business industries.

Your primary funding sources is monthly and annual sponsorships. Your expenses include fundraising expenses, monthly event expenses, advertising/promotional, bank charges, insurance, meals, office supplies, QuickBooks payment fees, signage, taxes and licensing, and venue expenses.

Law

IRC Section 501(c)(6) provides exemption from federal income tax for business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), 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 64-315, 1964-2 C.B. 147, describes an association of retail dealers whose activities consist of the publication of an advertising newspaper, along with advertising in other community publications, sponsorship of commercial advertising on television and radio, and certain promotions designed to attract shoppers to the shopping center. This advertising contains the names of member merchants and their merchandise. It was held that the organization is providing particular services to individuals and is not entitled to exemption from Federal income tax as an organization described in Section 501(c)(6).

Rev. Rul. 65-14, 1965-1 C.B. 236 describes an organization formed to promote the tourist industry in its area and whose principal activity is the publication of a yearbook consisting largely of paid advertisements for individuals. The publication of advertising was held to be the performance of particular services for individuals rather than an activity aimed at the improvement of general business conditions and was found not to be exempt under 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, 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.

In Indiana Retail Hardware Association Inc. v. United States, 117 Ct. Cl. 288 (1966), 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 IRC Section 501(c)(6).

Application of law

You are not described in Section 501(c)(6) of the Code 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, but rather you are formed to benefit individuals' business interests. This is evident by the fact that the events are created for the purpose of networking and providing guests the opportunity to make the connections they need to be successful. Additionally, you have no common business interest other than a desire to increase business leads and prospects of your guests as illustrated by the nature of your monthly meetings. 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 similar to organization in Rev. Rul. 73-411, since you are not structured along any particular industry or business lines. Your guests are individuals from various types of businesses. Therefore, to meet exemption under IRC Section 501(c)(6), you must depend on being characterized as a chamber of commerce. Because your common business interest is not the general economic welfare of the community, but the development of individual business connections for private benefit, you do not meet the definition of a chamber of commerce within the meaning of Section 501(c)(6) of the Code as explained in this revenue ruling.

You are similar to the organizations in Rev. Rul. 64-315 and Rev. Rul. 65-14 in that you serve the private interests of your sponsors by performing particular services for them such as advertising. Your sponsors pay you a fee and in return receive advertising services including logo placement and links on your website, logos on your social media posts, logos on welcome banners and tables at events, and by organizing events at their businesses. These activities constitute performance of particular services and does not qualify for exemption from Federal income tax under section 501(a) of the Code as an organization described in sections 501 (c)(6).

The court in Indiana Retail Hardware Association Inc., held that when conducting particular services for members is a substantial activity of an organization, the organization will be precluded from exemption under IRC Section 501(c)(6). You are similar to the organization described in this court case since your sole purpose is to provide networking events to benefit your sponsors.

Conclusion

Based on the information provided, we conclude that you are not operated as a business league described in IRC Section 501(c)(6). Your activities are not primarily directed to the improvement of business conditions of one or more lines of business nor for the common economic interests of all the businesses in a given trade community in the case of a chamber of commerce, but rather the provision of advertising as performance of particular services. Therefore, you do not meet the requirements for exemption under Section 501(c)(6) of the Code.

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