



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

Date:  
07/10/2025  
Employer ID number:

Form you must file:

Tax years:

Person to contact:  
Name:  
ID number:  
Telephone:

Release Number: 202540016  
Release Date: 10/3/2025  
UIL Code: 501.03-00, 501.33-00

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)(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](http://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:  
05/23/2025  
Employer ID number:

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

**Legend:**

B = Date  
C = State  
D = Town  
E = Organization  
F = Occupation  
G = Occupation  
H = Occupation  
J = Occupation

UIL:  
501.03-00  
501.33-00

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)(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 submitted Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

You attest that you were incorporated as a corporation on B, in the state of C. You attest that you have the necessary organizing document, that your organizing document limits your purposes to one or more exempt purposes within the meaning of the IRC Section 501(c)(3), that your organizing document does not expressly empower you to engage in activities, other than an insubstantial part, that are not in furtherance of one or more exempt purposes, and that your organizing document contains the dissolution provision required under Section 501(c)(3).

You attest that you are organized and operated exclusively to further charitable purposes. You attest that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3). Specifically, you attest you will:

- Refrain from supporting or opposing candidates in political campaigns in any way
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals
- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially
- Not to be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s)
- Not devote more than an insubstantial part of the activities attempting to influence legislation or, if you made a Section(h) election, not normally make expenditures in excess of expenditure limitations outlined in Section(h)
- Not provide commercial-type insurance as a substantial part of your activities

You state you are a labor union association formed to protect members through collective bargaining in C, and to provide relief and support to the community. You further state that you were formed to support your members by acting as a relief association to help the community and your members in times of hardship. You engage in collective bargaining for your members to ensure workplace safety and to establish guidelines for work conditions.

Your membership is open to any employee of D that holds the position of F, G, H, or J. Members voluntarily request to join and do so by expressing interest at a by-weekly meeting. Your members will hold a vote to accept the prospective member or not. All membership requests have been approved for membership, and this is anticipated to continue in the foreseeable future.

You are run and managed by your members with the intent of representing all members for the purposes of labor contract negotiations, grievances, and other matters to ensure that the members are treated fair and equally by D. Also, once certified by E, your intentions will be to engage in contract negotiations with D.

You are primarily funded by membership dues, and donations received. All of your funds are dedicated to supporting your members and the community. Your current focus has been the formation of a collective bargaining unit that, once certified by the E, will engage in contract negotiations with the town of D. You also plan to establish a relief fund to assist your members, or members of the community, that experience an emergency and require assistance.

#### **Law**

IRC Section 501(c)(3) provides, in part, for the exemption from federal income tax of organizations organized and operated exclusively for charitable, religious or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, to be exempt as an organization described in IRC 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 organizational test or the operational test, it is not exempt.

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 that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

Revenue Ruling 61-170, 1961-2 C. B. 112, an organization composed of professional private duty nurses and practical nurses which supported and operated a nurses' registry primarily to afford greater employment opportunities for its members was not entitled to exemption under IRC Section 501(c)(3). Although the public received some benefit from the organization's activities, the primary benefit of these activities was to the organization's members.

Rev. Rul. 67-367, 1967-2 C.B. 188, held that a nonprofit organization whose sole activity is the operation of a 'scholarship' plan for making payments to pre-selected, specifically named individuals does not qualify for exemption from Federal income tax under IRC Section 501(c)(3).

Rev. Rul. 69-175, 1969-1 C. B. 149, an organization formed by parents of pupils attending a private school to provide school bus transportation for its members' children was found not to be exempt under IRC Section 501(c)(3). It was found in this ruling that when a group of individuals associate to provide a service for themselves, they are serving a private rather than a public interest.

Rev. Rul. 75-286, 1975-2 C.B. 210, held that an organization formed by the residents of a city block to beautify and preserve the block did not qualify for exemption under IRC Section 501(c)(3). The restricted nature of the organization's membership and the limited area in which its improvements were made indicated that the organization was organized and operated to serve private interests by enhancing the value of its member's property rights.

In Better Business Bureau of Washington, D.C. v. United States, 326 U.S. 279 (1945), the Supreme Court determined that the presence of a single non-exempt purpose, if substantial in nature, will destroy exemption under IRC Section 501(c)(3) regardless of the number or importance of any other 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 for an organization to qualify for exempt status. an organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). Based on the information provided in your application and supporting documentation, you fail the operational test.

You indicated that you are a labor union and that you were formed primarily to represent your members in labor contract negotiations, grievances, and other labor matters to ensure that your members are treated fair and equally. As described in Treas. Reg. 1.501(c)(3)-1(c)(1), you are not operated exclusively for Section 501(c)(3) purposes because you operate primarily for the private benefit of your members.

You are similar to the organizations described in Rev. Rul. 61-170 and Rev. Rul. 69-175. Your primary purpose is to represent your members in labor contract negotiations, grievances, and other labor matters. Providing these services provides a direct benefit to your members and any benefit to the public is incidental to the benefit to your members as described in Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

As described in Rev. Rul. 75-286, and Rev. Rul. 67-367, your activities result in a direct benefit to a limited group of individuals.

Finally, you are like the organization in the Better Business Bureau. Even though your relief fund may serve charitable purposes, your substantial non-exempt purpose of promoting your members employment interests serves the private interest of your members and destroys your claim for exemption.

### **Conclusion**

Based on information submitted you do not qualify for exemption under IRC Section 501(c)(3), because you are not operated exclusively for exempt purposes within the meaning of IRC Section 501(c)(3). You are formed primarily to serve the private interests of your members instead of the interests of the public. Therefore, you fail to qualify for exemption under 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](http://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](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements