



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

Date:
08/26/2025
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202547021
Release Date: 11/21/2025
UIL Code: 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
Tax Exempt and Government Entities**

Date:
07/11/2025
Employer ID number:

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

Legend:

B = State
C = Date
D = Date
E = Date
F = Location
G = Date

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 incorporated as a for-profit corporation in the State of B on C. You filed an amended and restated articles of incorporation on D which states that you are a for-profit corporation. You filed an amended and restated articles of incorporation on E asserting that you are a nonprofit corporation. However, research of the B Secretary of State website shows that you continue to be recognized as a for-profit corporation. In your application, you stated that you are in the process of converting from "for-profit status" to "nonprofit status." However, you have not presented evidence that the State of B recognizes you as a nonprofit corporation under its laws.

In your application, you stated that your purpose is to promote higher, better, and more efficient business practices and methods to improve business conditions within your local business community. You will achieve this by providing safe and secure environments for the patrons of your member businesses.

You maintain and improve the common areas of the F shopping center, such as parking lots, drive lanes, sidewalks, and related mechanicals, for the health, safety, and functionality of the shopping center for your members and their patrons. You also manage and enforce covenants, conditions, and restrictions related to the shopping center, as set out by the agreement “Extinguishment of Easements, Grant of Easements, and Declaration of Covenants, Conditions and Restrictions” recorded on G between yourself and the then-property owners and promulgate rules and regulations governing the use of these common areas, as set out by your code of regulations. You and your members are obliged to abide by the terms of these documents. These two activities comprise the majority of your activities.

According to your Code of Regulations, there is a single class of membership comprising of the owners of property located at the F shopping center, except for yourself and any bank or other lending institution. Membership is connected with and inseparable from ownership of property at the shopping center. Each member’s voting rights are equivalent to their percentage of square footage of land owned at the shopping center in proportion to the total square footage of all land owned by your members at the shopping center. In exchange for membership and membership rights, members must pay dues to you.

You collect membership dues from your members to fund your activities. Membership dues vary between each member as they are determined based on the percentage of land owned by a given member at the F shopping center. The entirety of your expenses are devoted to repairs, maintenance, and improvements to the common areas and monitoring compliance with the covenants, conditions, restrictions, rules, and regulations of the shopping center.

Law

IRC Section 501(c)(6) provide for the exemption from federal income tax for business leagues, chambers of commerce, real estate boards, boards of trade, or professional football 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 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 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 68-264, 1968-1 C.B. 264, defines a particular service for the purposes of IRC Section 501(c)(6) as an activity that serves as a convenience or economy to members in the operation of their businesses.

Revenue Ruling 71-175, 1971-1 C.B. 153, held that an organization which had, as its principal activity, the operation of a telephone answering service for its member doctors is not exempt under IRC Section 501(c)(6) because the organization is performing a particular service for its members as opposed to improving the business conditions in the medical profession and public health fields generally.

Revenue Ruling 73-411, 1973-2 C.B. 180, held that a shopping center merchants’ association whose membership is restricted to and required of the tenants of a one-owner shopping center and their common

lessor, and whose activities are directed to promoting the general business interests of its members and maintaining the shared spaces of the shopping center, does not qualify as a business league or a chamber of commerce under IRC Section 501(c)(6). The association could not be considered a business league because its members were not structured along a particular industry or lines of business. Neither it could be considered a chamber of commerce nor a board of trade because of the compulsory nature of its membership and composition of the members which did not represent a community in any geographical or political sense. Additionally, by promoting the business interests of solely the tenants of a shopping mall and maintaining the shared spaces of the same mall, the association conducted particular services for the owner of the shopping center, which precludes exemption.

In Revenue Ruling 78-225, 1978-1 C.B. 159, a non-profit organization that is operated to promote the common business interests of its members, a majority of whose businesses are located in one particular shopping center, has a voluntary membership open to all businesses in a neighborhood community, and is not concerned with landlord-tenant matters relating to the shopping center qualifies for exemption under IRC Section 501(c)(6). This organization is distinguished from the one described in Rev. Rul. 73-411 because this organization has a voluntary membership and is not concerned with tenants' matters. Further, although a majority of its members' businesses are located in one particular shopping center, this organization is operated to improve, within the meaning of Treas. Reg. Section 1.501(c)(6)-1, the business conditions of a community rather than a single one-owner mall.

In Indiana Retail Hardware Association Inc. v. United States, 366 F.2d 998 (Ct. Cl. 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).

In MIB, Inc. v. Commissioner, 734 F.2d 71 (1st Cir. 1986), the Court held that the performance of particular services for individual members, no matter the amount of indirect and intangible benefits it brings to the members' industry as a whole, precludes exemption under IRC Section 501(c)(6).

In Bluetooth SIG, Inc. v. United States, 611 F.3d 617 (9th Cir. 2010), the Court distilled Treas. Reg. Section 1.501(c)(6)-1 into a six-factor test, which requires a business league to be an association (1) of persons having a common business interest; (2) whose purpose 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 at the improvement of business conditions for one or more lines of businesses 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.

Application of law

You are not a business league as described in IRC Section 501(c)(6) and Treas. Reg. Section 1.501(c)(6)-1 because your members do not share a common business interest, your activities are not directed at the improvements of business conditions for one or more lines of businesses, you are formed to provide particular services to your members, and you are not organized as a non-profit organization.

You perform particular services for your members as defined in Rev. Rul. 68-264 because you maintain and improve the amenities at the F shopping center for the benefit of your members. These activities are conducted for the convenience and economy of your members in the operation of their businesses.

You are similar to the non-qualifying organization described in Rev. Rul. 71-175 because your property maintenance activities comprise the majority of your activities and are considered particular services which are conducted for the convenience or economy of your member businesses. Your services provide direct benefits to your members rather than broadly improving the local business community.

You are similar to the non-qualifying organization described in Rev. Rul. 73-411 and are not like the qualifying organization described in Rev. Rul. 78-225. You are a commercial property owners' association, whose membership is compulsory to property owners of the F shopping center and restricted to all others. Your membership is closed to any other businesses outside of the shopping center, is not structured along a particular industry or lines of business and does not represent a community in the usual geographic or political sense. The majority of your activities consist of dealing with matters related to the upkeep and maintenance of the shopping center, which are particular services to your members, rather than improving the business conditions of a community. You do not operate to improve the business conditions of a community. Any benefits which materialize from your activities do not extend beyond a single location.

You are like the non-qualifying organizations described in Indiana Retail Hardware Association, Inc. and MIB, Inc. because the majority of your activities constitute the performance of services for members.

You fail to satisfy all of the six factors in the test described in Bluetooth SIG, Inc. because you (1) do not consist of members with a common business interests; (2) do not operate to promote a common business interest; (3) are organized as a for-profit corporation; (4) engage in property maintenance services, which is a business ordinarily conducted for profit; (5) provide property maintenance services, which are particular services, to your members, and; (6) are not of the same general class as a chamber of commerce or a board of trade because you do not represent a business community in the usual geographical or political sense nor consist of members engaged in a specific trade or occupation.

Conclusion

You do not qualify for exemption under IRC Section 501(c)(6). You are not a business league because your activities are directed at the performance of particular services to your members rather than promoting a common business interest. Your membership is not organized along a particular industry or lines of business. You are not organized as a non-profit organization. You are not a chamber of commerce or a board of trade because you do not represent a business community in the usual geographic or political sense nor consist of members engaged in a specific trade or occupation.

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