



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

Date:
07/29/2025
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202550046
Release Date: 12/12/2025
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**

Date:
6/11/2025
Employer ID number:

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

Legend:

B = State
C = 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 were formed in the State of B on C as a Non-Profit Mutual Benefit corporation. Your Articles of Incorporation state that your specific purpose is to "provide recreational activities, primarily indoor activities, like tabletop games." Your Articles also state that you will organize tournaments throughout the year, to help people in the region to have recreational indoor sports activities.

You are seeking exemption under IRC Section 501(c)(6). You describe the common business interest of your members as the promotion of sports, community engagement, youth development, and volunteerism and philanthropy. You said your members are united by a shared passion for promoting sports and physical activity within the community. They believe in the positive impact of sports participation on individual health, youth development, and community cohesion. Members are committed to fostering community engagement through sports programs and events.

You said your members believe that sports have the power to bring people together, bridge divides, and strengthen social connections within the community. Members prioritize youth development and recognize the importance of providing young people with opportunities for skill-building, leadership development, and personal growth through sports participation. Members are actively engaged in volunteerism and philanthropy, dedicating their time, resources, and expertise to support your mission and programs.

You provide a wide range of sports programs and activities tailored to the interests and needs of your members. These include youth leagues, adult recreational leagues, clinics, camps, tournaments, and special events.

You also provide access to health and wellness resources and information to support members in achieving their fitness and wellness goals. This may include workshops, seminars, educational materials, and referrals to health professionals.

You host social events and networking opportunities for members to connect with fellow sports enthusiasts, build relationships, and share experiences. You also advocate for the interests of your members within the broader sports community, including advocating for equitable access to sports facilities, funding opportunities, and policy initiatives that support sports participation and community engagement.

When we asked for more information about your activities, you said that you are 100% sports based. You are dedicated to promoting racquet sports within the community, including long tennis, table tennis, and badminton. You aim to increase participation and appreciation for these sports through a variety of programs and services. Your activities include organizing and hosting tournaments for players of all ages and skills levels and maintaining and improving racquet sports facilities. You offer equipment rentals services as well. You also stated that your exempt purpose is to promote physical health, wellness, and community engagement through sports and recreational activities. You mentioned that the sports programs you offer are central to achieving this purpose.

Your members have friendly table tennis and badminton games throughout the year. Once a year you have competitive tournaments for table tennis and badminton, which are open to both members and non-members.

Members pay monthly dues. Anyone can become a member if they pay the dues. Your expenses are for rent and the sports activities.

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 provides 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.

Revenue Ruling 58-502, 1958-2 C.B. 271, concerns an organization that was found to be exempt under IRC Section 501(c)(6). The organization was formed for the purpose of promoting and conserving the best interests and true spirit of a game as embodied in its traditions. The organization's membership was composed of regularly organized clubs throughout the United States. The organization was empowered to prescribe and enforce the rules and tests governing amateur standing, the rules for the playing of the game, and to hold each year championship tournaments and other such events. The organization acted as the authoritative national body in the arbitration of controversies and in the final determination of all questions relating to the game in the country. In addition to the membership dues it receives, the organization's income was derived from the

championship tournaments it sponsored, the grant of radio and television broadcasting rights, and from the sale of booklets containing the rules of the game.

In Rev. Rul. 59-391, 1959-2 C.B. 151, the organization was composed of individuals, firms, trades, businesses, occupations, and professions. This organization was created for the purpose of exchanging information on business prospects and has no common business interest other than a desire to increase sale of members. It was held that such organization is not entitled to exemption from federal income tax as a business league under IRC Section 501(c)(6).

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

In Rev. Rul. 73-411, 1973-2, C.B. 180, the history of IRC Section 501(c)(6) was described while discussing the exempt status of a shopping center. In the case of a chamber of commerce or similar organization, the common business interest is usually the general economic welfare of a community. An organization seeking exemption as a chamber of commerce must be one whose efforts are directed at promoting the common economic interests of all commercial enterprises in a given trade community. The ruling also stresses that membership in a Section 501(c)(6) organization is voluntary and open generally to all businesses and professional persons in the community.

In Associated Master Barbers & Beauticians of America, Inc. v. Commissioner, 69 T.C. 53 (1977), the court stated one common formulation for the requirements under IRC Section 501(c)(6) is as follows:

- (1) It must be an association of persons having a common business interest,
- (2) Its purpose must be to promote that common business interest,
- (3) It must not be organized for profit,
- (4) It should not be engaged in a regular business of a kind ordinarily conducted for a profit,
- (5) Its activities should be directed toward the improvement of business conditions of one or more lines of business as opposed to the performance of particular services for individual persons, and
- (6) Its net earnings, if any, must not inure to the benefit of any private shareholder or individual.

If an organization fails to meet any one of these standards, it cannot be recognized as exempt or maintain its exemption under IRC Section 501(c)(6).

Application of law

You do not qualify for exemption under IRC Section 501(c)(6) because you are not operating as a business league. Your activities are not aimed at the improvement of business conditions of one or more lines of business, or as a chamber of commerce or board of trade, as required by Treas. Reg. Section 1.501(c)(6)-1. Rather, you are formed to promote the play of sports among your members.

You are distinguished from Rev. Rul. 58-502 because you don't prescribe or enforce the rules or tests governing amateur standing for a particular sport. You don't act as an authoritative national body in the arbitration of controversies relating a particular game. Accordingly, you aren't furthering IRC Section 501(c)(6) purposes.

Like the organization described in Rev. Rul. 59-391, you are not structured along any industry or business line. Your members meet to play racquet sports; not to promote a particular industry or line of business.

You are similar to the organization described in Rev. Rul. 70-244 because your primary activities are centered on the promotion of sports and community engagement, with no common business motive. You haven't described any programs designed to improve business conditions of one or more lines of business. None of your activities further IRC Section 501(c)(6) purposes.

As explained in Rev. Rul. 73-411, a chamber of commerce's common business interest is the economic welfare of the community. You do not bear resemblance to a chamber of commerce or a business league. Your membership joins together to play racket sports, which isn't in furtherance of an IRC Section 501(c)(6) purpose.

In Associated Master Barbers & Beauticians of America, Inc., the court provided a formulation for the requirements under IRC Section 501(c)(6). You fail to meet the requirements of Section 501(c)(6) as outlined in this case. Specifically, your primary purpose is not promoting a common business interest, and your activities aren't directed toward the improvement of business conditions of one or more lines of business.

Conclusion

Your members have no common business interest other than the mutual desire to play sports. Furthermore, your activities are neither primarily directed toward the improvement of business conditions of one or more lines of business, nor for the common economic interests of all the businesses in the community like a chamber of commerce. Therefore, you do not meet the requirements for exemption under IRC 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