



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TEGE EO Examinations Mail Stop 4920 DAL
1100 Commerce St.
Dallas, Texas 75242

501.03-00

Date: September 2, 2008

Number: **201418057**
Release Date: 5/2/2014

LEGEND

ORG - Organization name
XX - Date Address - address

ORG
Address

Taxpayer Identification Number:
Person to Contact:
Employee Identification Number:
Employee Telephone Number:
(Phone)
(Fax)

LAST DATE TO FILE A PETITION:
December 1, 20XX

CERTIFIED MAIL - RETURN RECEIPT

Dear _____ :

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the Code). Our favorable determination letter to you dated August 19XX is hereby revoked and you are no longer exempt under section 501(a) of the Code effective January 1, 20XX.

The revocation of your exempt status was made for the following reason(s):

Organizations described in IRC 501(c)(3) and exempt under section 501(a) must be both organized and operated exclusively for exempt purposes. You have failed to produce documents to establish that you are operated exclusively for exempt purposes and that no part of your net earnings inures to the benefit of private shareholders or individuals. You failed to respond to repeated reasonable requests to allow the Internal Revenue Service to examine your records regarding your receipts, expenditures, or activities as required by IRC 6001, 6033(a)(1) and Rev. Rul. 59-95, 1959-1 C.B. 627.

Contributions to your organization are no longer deductible under IRC §170 after January 1, 20XX.

You are required to file income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the tax year ending December 31, 20XX, and for all tax years thereafter in accordance with the instruction of the return.

Processing of income tax returns and assessments of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination under the declaratory judgment provisions of section 7428 of the Code, a petition to the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia must be filed before the 91st Day after the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing petitions for declaratory judgments by referring to the enclosed Publication 892. You may write to the United States Tax Court at the following address:

You also have the right to contact the Office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal Appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free, and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

See the enclosed Notice 1546, Taxpayer Advocate Service- Your Voice at the IRS, for Taxpayer Advocate telephone numbers and addresses.

You should contact your State officials if you have any questions about how this final determination may affect your State responsibilities and requirements.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Sunita Lough
Director, EO Examinations

Enclosures:
Publication 892
Publication 1546

Internal Revenue Service

Department of the Treasury
TEGE: EO: EXAMINATIONS:7922
500 North Capitol Street, NW
Room 3831
Washington, DC 20001

Date: April 3, 2008

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

Certified Mail - Return Receipt Requested

Dear :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

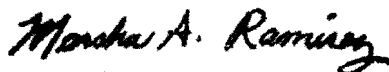
If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,



Marsha A. Ramirez
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886A	Department of the Treasury - Internal Revenue	Schedule No. or Exhibit 52-1388443
Explanation of Items		
Name of Taxpayer ORG ORG.		Year/Period Ended 20XX12

LEGEND

ORG - Organization name XX - Date Country - country Agent - agent

ISSUE:

Whether ORG, exemption under Section 501(c)(3) of the Internal Revenue Code should be revoked due to their failure to establish the right to maintain such exemption.

FACTS:

ORG, was granted tax-exemption status under section 501(c)(3) of the Internal Revenue Code, as of August, 19XX. During the course of the examination numerous attempts were made to contact the organization by mail and telephone. The purpose of the examination was to determine the organization's filings status and whether the operational activities of the organization were in accordance with the guidelines governing organizations exempted under Section 501(c)(3) of the Internal Revenue Code.

A chronology sequence of events are listed as follows:

A review of ORG, filing requirements discloses that they did not file a Return of Organizations Exempt From Income Tax Form 990 for 20XX.

A review of the corporation status of ORG, with the District Of Country Department of Consumer and Regulatory Affairs, discloses that their corporate status has been revoked.

April 23, 20XX, Revenue Agent mailed the appointment letter 3611 to the address noted on record for ORG., and officers of the organization on record requesting an examination date.

June 26, 20XX, Revenue Agent made a field call to the organization last known address on record in an attempt to locate the organization. During the visit, Revenue Agent gathered from the security that the organization vacated

Form 886A	Department of the Treasury Internal Revenue Explanation of Items	Schedule No. or Exhibit 52-1388443
Name of Taxpayer ORG ORG.		Year/Period Ended 20XX12

the premises around November of 20XX. And that no further information was available about the organization.

December 14, 20XX, Revenue Agent mailed both regular and certified letter to the organization requesting them to contact the Internal Revenue Service within the established deadline upon receiving the letter to initiate the examination.

LAW:

Section 501(c)(3) of the Code provides for exemption of organizations organized and operated exclusively for charitable purposes and that no part of the earnings of which inures to the benefit of private shareholders or individuals.

Section 6033 of the Internal Revenue Code of 1954 provides that every organization exempted from taxation under Section 501(a) of the Code shall file an annual return, stating specifically the items of gross income, receipts, and disbursements and shall keep such records, render under oath such statements, make such other returns and comply with such rules and regulations as the Secretary of the Treasury or his delegate may from time to time prescribe.

Section 1.6033-2(h)(2) of the Federal Income Tax Regulations require that every organization which has established its rights to exemption from tax shall submit such additional information as may be required by the Internal Revenue Service to further inquire into its exempt status.

Section 1.600-1(c) of the Federal Income Tax Regulations states in part, every organization exempt from tax under section 501(a) shall keep such permanent books of account records, including inventories, as are sufficient to show specifically the items of gross income, receipts and disbursements. Such organizations shall keep such books and records as are required to substantiate the information required by Section 6033.

Revenue Ruling 59-95, 1959-1 G.B. 627, describes an organization previously recognized as exempt. When requested shall provide a financial statement of its operations, the organization was unable to do so due to its incomplete records. The Service concluded that failure or inability to file the required information return or otherwise to comply with section 6033 of the Code and its implementing regulations may result in termination of its exempt status, on the grounds that the organization has

Form 886A	Department of the Treasury- Internal Revenue Service	Schedule No. or Exhibit 52-1388443
Explanation of Items		
Name of Taxpayer ORG.		Year/Period Ended 20XX12

not established that it is observing the conditions required for the continuation of its exempt status.

In accordance with the above cited provisions of the Code and regulations under IRC § 6001 and §6033, organizations recognized as exempt from Federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

ARGUMENT:

The organization has been contacted by regular mail, by registered and by telephone on numerous occasions requesting the filing of overdue returns and most recently to provide its books and records for examination to verify its continuing qualification for exemption. The organization is unresponsive to scheduling appointment or providing the requested information authorized under IRC 6033.

GOVERNMENT POSITION:

Since the organization has failed to furnish the information necessary to conduct an examination of its financial and operational activities which in turn is used to determine continuing qualification for tax exempt status, the ORG no longer qualifies for tax exempt status, effective January 1, 20XX. This is the first day of the tax period in which the organization fails to qualify for exemption under IRC 501(c)(3). Also, as of January 1, 20XX, contributions are no longer deductible as charitable contributions. In addition, ORG will be required to file U.S. Corporation Income Tax Return Form 1120, for all periods subsequent to December 31, 20XX.

CONCLUSION:

It is the Internal Revenue Service's position that because we were not able to conduct the examination to determine whether your organization met the operational test under IRC 501 (c)(3). Accordingly, the organization's exempt status is revoked effective January 1, 20XX.