Internal Revenue Service

District
Director

[redacted]

Department of the Treasury

[redacted]

Person to Contact:
[redacted]

Telephone Number:
[redacted]

Refer Reply to:
[redacted]

Date:
NOV 28 1983

Gentlemen:

We have considered your Application for Recognition of Exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

The evidence submitted indicates that you were incorporated [redacted], under the laws of the State of [redacted]. Your stated purpos s are to engage in the advertising of automobiles in the [redacted] and to advance the common interests of those engaged in the utomobile trade. This corporation is not organized for profit or to gage in any activity ordinarily carried on for profit, and no part of its net earnings will inure to the benefit of, or be distributable to, its members, trustees, officers or other private persons except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes.

Membership in your organization is open to any person, partnership, association or corporation holding a selling agreement as authorized [redacted] dealer who has entered into an agreement to contribute to this corporation.

Section 501(c)(6) of the Internal Revenue Code exempts from Federal income tax business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues, which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations provides that the exemption provided by section 501(a) for organizations described in section 501(c)(6) applies only to business leagues. 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.

[redacted]

Revenue Ruling 67-77,1967-1C.B.138 states an organization composed of dealers in a certain make of automobile in a designated area, organized and operated for the primary purpose of financing general advertising campaigns to promote, with funds contributed by dealer-members, the sale of that make of automobile, is performing particular services for its members instead of the automotive industry as a whole and is not entitled to exemption, section 1.501(c)(6)-1.

On the basis of the information and evidence submitted, we have concluded that your organization is not entitled to exemption under section 501(c)(6) of the Code because your organization is advertising for one make of automobile, which is a [redacted].

You are required to file income tax returns on Form 1120.

You have the right to protest this determination if you believe that it is incorrect. To protest, you should refer to the attached Publication 892.

If we do not hear from you within 30 days from the date of this letter, this determination will be final.

Sincerely yours,

[redacted]
District Director

Enclosures:
Publication 892