CERTIFIED

[redacted]

Person to Contact: [redacted]
Telephone Number: [redacted]
Refer Reply to:
[redacted]

Date: MAR 30 1990

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [redacted] under the nonprofit corporation laws of the State of [redacted].

According to your Articles of Incorporation, the purpose of your organization is to promote the welfare of [redacted] franchised truck dealers; to gather and disseminate industry information to members of [redacted] to the mutual benefit of all concerned; and to strengthen the relationship between [redacted] and [redacted] through discussion of operational ideals, major strategic issues, and methods of improving the dealers' and companies' marketing and financial positions for the mutual benefit of all parties.

In the activities section of your application you state that [redacted] has served as an active forum for [redacted] and the franchised [redacted] truck dealers throughout the United States. The Council meets twice a year traditionally to draft a document of dealer issues and concerns to bring before the [redacted]. The issues are then met with responses and action on the part of both organizations.

This forum benefits the dealer body and the corporation by promoting increased efficiencies and improved products and services for the ultimate customers.

Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
3/26/90	3/26/90	3/26/90	3-26-90	3/30/90		

[redacted]

Membership in your organization is open to all franchised [redacted] truck dealers in the United States. Your primary source of income is membership dues. Your primary expenses are meeting expenses and the costs of operating the association.

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), 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 Income Tax Regulations reads as follows:

"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. 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. An assocation engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder".

[redacted]

An organization formed to promote the business interests of those involved in the manufacture and sale of a particular patented product, whose membership is limited to those engaged in the manufacture and sale of the product, and which owns the controlling interests in the corporation which holds the basic patents in the product, does not qualify for exemption as a business league under Section 501(c)(6), since it is engaged in furthering the business interests of the dealers of a particular product as distinguished from improving business conditions generally, Rev. Rul. 58-294, 1958-1 C.B. 244.

Rev. Rul. 83-164, 1983-2, C.B. 95 states an organization whose members represent diversified businesses that own, rent, or lease computers produced by a single computer manufacturer does not qualify for exemption from federal income tax as a business league under Section 501(c)(6) of the Code.

Your organization is similar to the ones mentioned in the above revenue rulings in that you are directing your activities to dealers of one particular make of truck. You are therefore not improving the conditions of one or more lines of business within the meaning of Section 501(c)(6) of the Code.

We have concluded that you do not qualify for exemption from Federal Income Tax as an organization described in Section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120, annually with your District Director.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

[redacted]

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

Please keep this determination letter in your permanent records.

If you agree with this determination please sign and return the enclosed Form 6018.

Very truly yours,

[redacted]

District Director

Enclosures:
Publication 892
Form 6018