

[Redacted]

Person to Contact: [Redacted]  
Telephone Number: [Redacted]  
Refer Reply to: Internal Revenue Service

[Redacted]

Date: JUL 22 1987

Dear Sir:

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 discloses that you were formed [Redacted].

As stated in your Constitution and Bylaws you are organized to provide the means of consolidating the voices and requirements of users of data processing equipment by [Redacted] to provide a more effective means of communication between users and the [Redacted] corporation.

Your activities consist of providing a central coordinating body for field problems and product enhancements through participation in [Redacted]'s research and development of new products. Secondly, your future activities include creating self-help committees for module training and a newsletter and/or electronic bulleting board for [Redacted] computer users to keep them abreast of current meetings, product releases, events, etc. In addition, you also plan to become an integral part of the [Redacted] corporation to help guide the goals of the company and to protect your vested interest.

In a developmental letter dated [Redacted] we requested that you furnish certain information. In your response dated [Redacted] you furnished the following information.

1. Membership is limited to the [Redacted] region.
2. You plan to become an integral part of [Redacted]'s product enhancement by appointing a committee of your board members to represent your views and desires to [Redacted] at periodic meetings, to insure that [Redacted] corporation will not leave you with obsolete computer systems.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Surname	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Date	6/17/87	6/24/87	7/20/87	7/24/87	7/21/87		

In a second developmental letter dated [REDACTED] and through your response dated [REDACTED], you furnished the following information:

1. [REDACTED] is a computer software development company which develops computer systems for the graphic arts industry.
2. All of [REDACTED]'s products are patented.

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 association 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.

Revenue Ruling 83-164, 1983-2 C.B. 95, provides that 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.

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 because your organization directs its activities to users of computer software developed by one corporation. You are not improving business conditions in one or more lines of business within the meaning of Section 1.501(c)(6)-1 of the Regulations.

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 are still unfavorable to you. Any submission must be signed by one of your principal officers and 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 Procedures for Adverse Determinations, which explains in detail your rights and procedures.

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

If members of your staff have any questions, please have them contact the name above.

Sincerely yours,

  
District Director

Enclosures:  
Publication 892  
Form 6018