



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NFO 2005-0054

Date: JUL 27 2004

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Dear [redacted] *****

I am responding to your letters of May 22, 2004, and June 2, 2004, regarding non-profit hospitals described in section 501(c)(3) of the Internal Revenue Code. I received and have responded to your letter dated March 8, 2004. In each letter, you express concern about preferential treatment or discounts to ***** by tax-exempt hospitals.

We maintain an ongoing examination program to ensure exempt organizations continue to meet the requirements for tax-exempt status.

If you have information substantiating the negotiations between the hospitals and ***** were not at arm's length and the reimbursement received by the hospitals from ***** was below fair market value, please feel free to send it directly to our Dallas office. That office determines if it warrants an examination. The address for the Dallas office is:

IRS-EO Classification
1100 Commerce Street
MC 4900 DAL
Dallas, TX 75242

I hope this information is helpful to you. If you need further assistance, please contact [redacted] at [redacted] Her Identification Number is [redacted]

Sincerely,

Michael Seto
Manager, Exempt Organizations
Technical Group 1