

DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

230 South Dearborn Street
Chicago, IL 60604

October 7, 2004

Number: **200531022**
Release Date: 8/05/2005
TE:GE:EO

UIL:501.15-00

Legend:

A= Name of Organization
B= Address of Organization
C= Employer Identification Number
D= Date of Incorporation
Date1= Effective Date
Date2= Election Date
E= Local Advocate's Office

: Employer Identification Number:
C
Form:
Tax Year(s) Ended:
Person to Contact/ID Number:
Contact Numbers:
Fax:

A

B

:

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Dear :

This is our final adverse determination letter as to your exempt status under I.R.C. § 501(c)(15) of the Internal Revenue Code. Our adverse determination was made because, for the year(s) of the examination, you were not operated as an “insurance company” within the meaning of I.R.C. § 501(c)(15) of the Internal Revenue Code. Your exempt status is revoked effective Date 1.

We have enclosed a copy of our report of examination further explaining why we believe an adjustment of your organization's exempt status is necessary.

We have also enclosed Publication 892, Exempt Organization Appeal Procedures for Unagreed Issues, and Publication 3498, *The Examination Process*. These publications include information on your rights as a taxpayer. They explain appeal rights and the procedure for obtaining technical advice.

Both technical advice and appeals procedures require a minimum of 180 days remaining on the statute of limitations. In order to take advantage of appeal rights or technical advice procedures, a taxpayer might be asked to execute a consent to extend the statute of limitations to permit Appeals consideration or submission of a request for technical advice. That was the situation in this case and you consented to extend the statute of limitations in order to avail yourself of Appeals consideration by submitting Form 872A, Special Consent to Extend the Time to Assess Tax for the organization. However, an additional consent was also requested for a related taxpayer which was not provided. Since the additional consent was not provided, your request for appeals consideration cannot be granted.

Because this case involves exemption under I.R.C. § 501(c)(15), you cannot contest the adverse determination in a declaratory judgment action under I.R.C. § 7428. You can, however, contest the revocation of exempt status in the context of any related deficiency case involving adjustments that flow from the loss of exemption. Thus, you may file suit in United States Tax Court, the United States Court of Federal Claims, or United States District Court, from any deficiency notice issued in this case or a related case after satisfying procedural and jurisdictional requirements as described in Publications 3498 and 892.

Your organization was incorporated in D and filed an election under I. R. C. § 953(d) to be treated as a United States corporation for purposes of imposing United States tax. The revocation of exempt status under section 501(c)(15) of the Code results in the loss of the IRC 953(d) election that was previously accepted by the Internal Revenue Service on Date 2. Your organization is now a controlled foreign corporation and is subject to I. R. C. §§ 951 through 964 for the tax related to controlled foreign corporations. Your company will be treated as a foreign person and may be subject to section 4371 Excise Tax. United States shareholders of the foreign corporation are liable for Subpart F inclusions for taxable years in which the IRC 953(d) election is not in effect.

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,

Martha Sullivan
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination