

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Capitol Hill Restoration Society, Inc.  
P.O. Box 9064, Southeast Station  
Washington, DC 20003

Person to Contact:  
Phone Contact: Kenneth J. [unclear]  
Telephone Number : 202-566-4293

Refer Reply to:  
E:EO:T:R:2-5  
Date:

OCT 26 1978

Employer Identification Number: 23-7104192  
Key District: Baltimore  
Accounting Period Ending: August 31  
Foundation Status Classification: 509(a)(2)  
Advance Ruling Period Ends: August 31, 1979

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Section 508(a)(2) of the Code provides that an organization organized after October 9, 1969, shall not be treated as an organization described in section 501(c)(3) for any period before giving notice that it is applying for recognition of exempt status, if such notice is given after the time prescribed by regulation.

Section 1.508(a)(2)(i) of the Income Tax Regulations provides that an organization seeking exemption under section 501(c)(3) of the Code must file the notice described in section 508(a) within 15 months from the end of the month in which the organization was organized, or before March 22, 1973, whichever comes later. Such notice is filed by submitting a properly completed and executed Form 1023, Application for Recognition of Exemption, with the key District Director.

Our records indicate that you filed your notice on July 22, 1977, which is more than 15 months from the end of the month in which you were incorporated. Therefore, the provisions of section 508(a)(2) of the Code are applicable to you.

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, beginning July 22, 1977.

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Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in section 509(a)(2) of the Code.

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This ruling period begins on July 22, 1977 and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you must submit to your key District Director information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the date of your exemption for purposes of sections 507(d) and 4940.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within 90 days, grantors and donors may continue to rely on the advance determination until the Service makes a final determination of your foundation status. However, if notice that you will no longer be treated as a section 509(a)(2) organization is published in the Internal Revenue Bulletin, grantors and donors may not rely on this determination after the date of such publication. Also, a grantor or donor may not rely on his determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(2) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(2) organization.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. Also, you should inform your key District Director of all changes in your name or address.



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Generally, you are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. If you have paid FICA taxes without filing the waiver, you should contact your key District Director. You are not liable for the tax imposed under the Federal Unemployment Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have questions about excise, employment, or other Federal taxes, contact any Internal Revenue Service office.

Donors may deduct contributions to you on or after July 22, 1977, as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use on or after July 22, 1977, are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

For years beginning July 22, 1977, you are required to file Form 990, Return of Organization Exempt from Income Tax, only if your gross receipts each year are normally more than \$10,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

You are required to file Federal income tax returns on Form 1120 for all years prior to July 22, 1977. You are not required to file Federal income tax returns for years beginning July 22, 1977, unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T. In this letter, we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

You have the right to protest any part of this ruling which you believe is incorrect. To protest you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted in duplicate within 21 days from the date of this letter and must be signed by one of your principal officers. You also have a right to a conference in this office after your statement is submitted.

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If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our conference and practice requirements.

If we do not hear from you within 21 days, this ruling will become final and copies will be forwarded to the District Director, Baltimore, which is your key district for exempt organization matters. Also, the appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code. Thereafter, any questions about your Federal income tax status or the filing of tax returns should be addressed to the District Director.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceedings unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Peter K. Bros  
Chief, Rulings Section 2  
Exempt Organizations  
Technical Branch