

1/7



The International Association of Lions Clubs

(Lions Clubs International)

300 W 22nd Street, Oak Brook, Illinois 60523-8842, USA (630) 571-5466

- EXECUTIVE OFFICERS**
INTERNATIONAL PRESIDENT
 J. THOMAS WOODS, II
 P.O. Box 422
 Columbia Station 28022-0422 USA
- IMMEDIATE PAST PRESIDENT**
DR. JIM MARR
 22 Avenue Des Pins
 75115 Paris Cedex, France
- PAST PRESIDENT**
DR. K. FURUKAWA
 P.O. Box 2287
 Sacramento, California 95811, USA
- REGIONAL PRESIDENT**
DR. DAVID "DIP" LEE
 Room 301, Cooper Square Bldg.
 40, Chancery Row, Chicago, IL
 60601-1157-101, Republic of Korea
- DIRECTORS**
ALTONAS BARBARA FERRANTE
 Summer City California
- WALTER BOHNSCHWENKOWITZ**
 Dayton, Ohio
- WILLIAM ALLEN BRIDGEMAN**
 Anderson, Tennessee, USA
- YOUNG "YIP" YAN**
 1544, Kowloon, Hong Kong
- PHILIPPE ASSAGNEAU**
 Paris, France
- DR. LARRY "LARRY" AARH**
 Morris, Colorado, USA
- WALTER HILL**
 Haverhill, Massachusetts, USA
- FRED LARSEN**
 Canada, USA
- ARTHUR "ART" LACROIX**
 Milwaukee, Wisconsin, USA
- DR. MC CONNELL**
 West Chester, Ohio, USA
- BARRY J. SALMER**
 Salem, Massachusetts, USA
- LARRY A. SHAW**
 Portland, Oregon, USA
- DR. L. SCHWARTZ**
 New York, New York, USA
- LEONARD B. SOBE**
 Dallas, Texas, USA
- FRANK "FRANK" L. S. SCHWARTZ**
 St. Louis, Missouri, USA
- DR. HAROLD WESTBACH**
 Miami, Florida, USA
- DAVID ALA-KALLA**
 Tokyo, Japan
- DR. R. P. AMES**
 New York, New York, USA
- JERRY ANDERSON**
 Memphis, Tennessee, USA
- ROBERT LEE**
 Dayton, Ohio, USA
- DR. PEDRO R. BALBUENA**
 Marikina City, Metro Manila, Philippines
- PETE DONALD**
 Cleveland, Ohio, USA
- FRANK DONALD**
 Ann Arbor, Michigan, USA
- ROBERT H. "BOB" MILLER**
 Springfield, Pennsylvania, USA
- WALTER COLETT**
 Winter Garden, Florida, USA
- ANTHONY PEARCE**
 Perth, Australia, Australia
- PETER AND BRIGID**
 Montreal, Quebec, Canada
- DR. ROBERT L. SMITH**
 Louisville, Kentucky, USA
- KEITH STORING**
 Windsor Locks, Connecticut, USA
- ANDREW L. THOMPSON, JR.**
 Eden Prairie, Minnesota, USA
- WICKY THOMAS**
 Chicago, Illinois, USA
- JIMMY WALKER**
 Berkeley Springs, West Virginia, USA
- ARTHUR WOODS**
 Davis, Oregon, Canada
- ADMINISTRATIVE OFFICERS**
DAVID DE LA PÉTRIE
 International Administrative Council
 Director and Secretary
- DORIS L. WENDECK**
 Director
- DR. JAMES L. WOOD**
 Director

KAREN J. DOLINICK
Senior Attorney
June 25, 2002

Dear Lion:

In response to your recent request regarding the association's exemption, enclosed is a copy of the original group exemption letter dated December 4, 1960, which exempts Lions Clubs International and all Lions clubs from federal income tax.

The association and its clubs are exempt from federal income tax under Internal Revenue Code Section 501(c)4 which is evident from the enclosed 1972 supplemental letter. For your information, the Group Exemption Number is 0239. Organizations which meet the tax definition of "charitable" are exempted under Section 501(c)3. At present we are unable, under our corporate purposes, to gain exemption under this Section.

Please refer to the association's web site at www.lionsclubs.org under the publication library for further tax information.

If I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

Karen J. Dolinick
Senior Attorney

enclosures

KJD:kw

2/7



TREASURY DEPARTMENT

WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

UNITED STATES DEPARTMENT OF THE TREASURY
WASHINGTON, D. C. 20548

IT:Pt:l
LLA

International Association of Lions Clubs,
332 South Michigan Avenue,
Chicago, Illinois.

Sirs:

Reference is made to evidence submitted for use in determining your status and the status of your districts and subordinate clubs for Federal income and employment tax purposes.

The records of the Bureau disclose that under date of December 20, 1928, you were held exempt from Federal income tax under the provisions of section 221(9) of the Revenue Act of 1926 and the corresponding provisions of prior revenue acts.

It is the opinion of this office, based upon the evidence presented, that you and your districts and subordinate clubs appearing in four revised copies of the "Annual Directory Lions International", of August, 1940, are exempt from Federal income tax under the provisions of section 101(9) of the Internal Revenue Code and the corresponding provisions of prior revenue acts.

Accordingly, you and your districts and subordinate clubs appearing in the "Annual Directory Lions International" will not be required to file returns of income unless there is a change in the character, purposes, or method of operation of your organization or of your districts and subordinate clubs. Any such changes should be immediately reported by you to this Bureau in order that the effect of the changes upon your present exempt status may be determined.

You should furnish the Bureau annually on the calendar-year basis lists in quadruplicate, showing only the names and addresses of any districts and subordinate clubs which were chartered during the calendar year and the names and addresses of any districts and clubs which for any reason ceased to exist. Such annual lists should be accompanied by a statement sworn to by one of your principal officers as to whether or not the information heretofore submitted by you, and on which this ruling is based, is applicable in all respects to the new districts and clubs appearing on the lists, and should be forwarded so as to reach this office not later than February 15 of the following year.

DEC 4 1940

RECEIVED
LIONS INTERNATIONAL
DEC 6 1940

ANS

3/7

- 2 -

International Association of Lions Clubs.

Since any organization which is exempt from Federal income tax under the provisions of section 101 of the Internal Revenue Code, also is exempt from the capital stock tax pursuant to the express provisions of section 1201(a)(1) of the Internal Revenue Code, you and your district and subordinate clubs will not be required to file capital stock tax returns for future years so long as the exemption from income tax is effective.

The determination of your status and that of your districts and subordinate clubs for Federal employment tax purposes will be made the subject of a separate communication.

A copy of this ruling is being transmitted to the collectors of internal revenue for the various districts in which your districts and subordinate clubs are located.

By direction of the Commissioner.

Respectfully,

J. J. [Signature]
Deputy Commissioner.



Vertical text on the right margin, possibly a routing slip or file number, including words like 'FILED', 'MAY 1998', and 'DISTRICT'.

Department of the Treasury

4/1

Internal Revenue Service
Washington, DC 20224

Date: NOV 24 1992 In reply refer to Form 14744 TMS:EOH



RECEIVED
ROY SCHAETZEL

NOV 24 1992

General Counsel
LIONS INTERNATIONAL

The International Association of
Lions Clubs
c/o Roy Schatzel
York and Cernak Roads
Oak Brook, Illinois 60521
EDT 36-1263962 DO 36

Gentlemen:

Date of original group exemption letter: December 4, 1980
I.R. Code: Section 501(c)(12)

Based on the information supplied, we rule that the new subordi-
nates you recently submitted for addition to your group exemption roster
are exempt from Federal income tax under the section of the Internal
Revenue Code shown above. This ruling supplements your original group
exemption letter.

Each subordinate is required to file Form 990, Return of Organiza-
tion Exempt From Income Tax, if its annual gross receipts are normally
more than \$5,000. If filing is required, and if you do not include the
subordinates in a group return, each must file the Form 990 by the 15th
day of the fifth month after the end of its annual accounting period.

The new subordinates are not required to file a Form 1120 income
tax return. However, if they are subject to tax on unrelated business
income under section 511 of the Code, they must file Form 990-T.

The new subordinates are liable for social security taxes under the
Federal Insurance Contributions Act and, if they employ four or more
individuals, for the tax under the Federal Unemployment Tax Act.

Next year, within 45 days after your annual accounting period
closes, please send us two copies of the following information about
your subordinates:

1. A statement describing all changes during the year in the
purposes, character, or method of operation of your subordi-
nates.

Lions Clubs

- 2 -

5/7

2. A list showing the name, employer identification number (if the subordinate is required to file Form 990), and mailing address, including ZIP Code, of each subordinate on your group exemption roster that during the year:
- changed its name or address;
 - was deleted from the roster; or
 - was added to the roster.

A directory of subordinates may be substituted for this list if it includes the required information and identifies the affected subordinates according to the three categories above.


3. For subordinates added to the roster, a letter signed by one of your principal officers containing or attaching:
- a statement that the information upon which your present group exemption letter is based applies to the new subordinates;
 - a statement that each has given you written authorization to add its name to the roster; and
 - a list of those to which the Service previously issued separate rulings or determination letters relating to exemption.
4. If applicable, a statement that your group exemption roster did not change during the year.

Please be sure to enter your employer identification number on all your tax returns and in your correspondence with the Internal Revenue Service.

Thank you for your cooperation.

Sincerely yours,

Acting


Chief, Rulings Section
Exempt Organizations Branch

6/7

ALL DISTRICTS AND CLUBS SUBJECT TO USA TAX LAWS

RE: UNRELATED BUSINESS INCOME TAX (UBIT)

The existing provisions concerning liability for "unrelated business income" tax were made applicable to organizations exempt under Section 501(c)(4) of the 1986 Internal Revenue Code. Districts and clubs are exempt under this section. This is a tax on income realized from an unrelated "trade or business" regularly carried on by such exempt organizations. If a district or club has "unrelated business income," it may be liable for payment of this tax. The effect of these provisions on the normal fundraising activities of districts and clubs may be summarized, generally as follows:

- A) Definition of Unrelated Business Income. By definition, the term "unrelated business income" does **not** include:
- 1) Income in the form of dividends or interest (unless received from an entity legally separate from but controlled by the district or club);
 - 2) Income in the form of rentals from real property (unless received from an entity legally separate from but controlled by the district or club, or from a lease for more than five years of property subject to or related to an indebtedness). However, if a lease is for five years or less, it may not be subject to U.B.I.T.);
 - 3) Income in the form of rentals of personal property leased with real property if the rent from the personal property is an incidental amount. An incidental amount is 10% or less of the total rents under a lease;
 - 4) Income from a trade or business in which substantially all the work done in the business operation is done without compensation, i.e. by volunteer help;
 - 5) Income from a trade or business which sells merchandise, substantially all of which is donated;
 - 6) Income from a trade or business which is not "regularly carried on;"
 - 7) Income from conduct of bingo games which are not ordinarily carried out on a commercial basis and do not violate any state or local law.
- B) The ordinary fundraising activity of a district or Lions club is considered to be a trade or business within these provisions. The question then is whether it falls within one of the aforesaid categories. If it is not "regularly carried on," or is run substantially by volunteer

help, or consists substantially of the sale of "donated" merchandise, then the income realized therefrom will not be subject to the "unrelated business income" tax.

With respect to the phrase "regularly carried on" and intermittent fundraising activities, the regulations state the following:

Income producing or fundraising activities lasting only a short period of time will not ordinarily be treated as regularly carried on if they recur only occasionally or sporadically. Furthermore, such activities will not be regarded as regularly carried on merely because they are conducted on an annual recurrent basis. Accordingly, income derived from the conduct of an annual dance or similar fundraising event for charity would not be income from a trade or business "regularly carried on." Reg. Sec. 1.513-1(c).

Thus, the income realized in the normal fundraising activity of a district or club (a dance; horse show; sale of lightbulbs, candy, brooms, raffle tickets, etc.; concert; play; style show; car or snowmobile race; sporting event; turkey shoot; etc.) is not "unrelated business income."

However, if a district or club carried on an income producing activity (other than rental of property as above described) which:

- (1) Runs for the length of a "season" (such as horse racing) during which such an income producing activity would normally be run; or
 - (2) Operates on a regular basis throughout a fiscal year, i.e. in a manner similar to a comparable trade or business of a commercial enterprise (such as operating a parking lot one day each week or a restaurant open to the public on a regular basis throughout the year, etc.), then the respective district or club will have "unrelated business income" with respect to such activity and may be liable for the tax imposed thereon. Any district or club in this situation should consult a qualified local attorney or accountant to determine any tax liability it may have.
- (C) Each district and club must file, annually, an Information Return known as Form 990EZ or Form 990 if it meets the criteria discussed in the preceding letter. In addition, each district or club which has gross "unrelated business income" of \$1,000 or more must also file Form 990-T (this is an income tax return and not merely an information return). If the gross "unrelated business income" in the taxable year is \$25,000 or less, some detailed portions of Form 990-T need not be completed. You should consult the form itself in this regard.

It can be seen from the above that most districts and clubs will have no involvement with the "unrelated business income" tax or Form 990-T.

If you have any specific questions, please contact the Legal Division.