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Address any reply to: P.O. Box 2350, Los Angeles, Calif. 90053

Department of the Treasury

LA:EO:78:1499

District Director

Internal Revenue Service

Date: **AUG 17 1978**

In reply refer to: J. Jones

EP/EO:EOG-2:D:EK

Determination Section (213) 688-4553

▷ De Anza Desert Country Club
Post Office Box 116
Borrego Springs, California 92004

Dear Applicant:

Internal Revenue Code: Section 501(c) (7)
Form 990 Required: Yes No
Accounting Period Ending: June 30

Dear Applicant:

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 the provisions of the Internal Revenue Code section indicated above.

Unless specifically excepted, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$50 or more to each of your employees during a calendar quarter. And, unless excepted, you are also liable for tax under the Federal Unemployment Tax Act on remuneration of \$50 or more to each of your employees during a calendar quarter if, during the current or preceding calendar year, you have one or more employees at any time in each of 20 calendar weeks or pay wages of \$1,500 or more in any calendar quarter. If you have any questions about excise, employment, or other Federal taxes, please address them to this office.

If your purposes, character, or method of operation is changed, you must let us know so we can consider the effect of the change on your exempt-status. Also, you must inform us of all changes in your name or address.

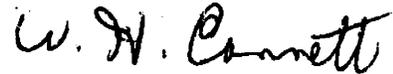
The block checked at the top of this letter shows whether you must file Form 990, Return of Organization Exempt From Income Tax. If the Yes box is checked, you are only required to file Form 990 if your gross receipts each year are normally more than \$10,000. If a return is required, it must be filed 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, for failure to file the return on time.

You are not required to file Federal income tax returns 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.

Please keep this determination letter in your permanent records.

Sincerely yours,



District Director

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It should be noted that in order for an organization to retain its exemption from Federal income tax as one described in Section 501(c)(7) of the Code, no more than 35% of its gross receipts may be from other than member sources. Also, within that 35% amount, not more than 15% of the gross receipts may be derived from the use of a club's facilities or services by the general public. Furthermore, such receipts constitute income from an unrelated trade or business as defined in section 513 of the Code and the filing of Form 990-T would be required if such gross receipts exceed \$1000.

The effective date of this determination is July 1, 1977.