

WILDWOOD SHORES PROPERTY OWNERS' ASSOCIATION

An Association Not for Profit, Incorporated Under New Jersey Laws

HOPATCONG, NEW JERSEY

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8851 Harding Ave.,
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January 24, 1964.

FEDERAL INCOME TAX
FEDERAL EXCISE TAX
MEMBERSHIP DUES

Dear Carlton:

Many thanks for furnishing me copy of the IRS Determination of December 5, 1963, declaring Wildwood Shores Property Owners' Association EXEMPT from Federal INCOME Tax under I.R.Code Section 501(c)(7). I haven't with me my file on the subject and cannot recall whether we filed our claim for exemption under this Section; our first filing was under one Section, second filing last December under a different sub-Section. Suggest that you reconcile with the 501(c)(7).

Now, as I understand, our Association never did pay any INCOME TAX, or make any returns to show such tax was not payable. We have been filing returns and paying EXCISE taxes; e.g., assessing each Association member 20% of his or her dues where the dues amounted to more than \$10 annually. I wonder whether this EXCISE tax may be considered a "tax on unrelated business income imposed by Section 511 of the Code", cited in IRS's latest letter? You will note that IRS mentions a Form 990-T "for the purpose of reporting unrelated taxable income". Our Association will be required to file an Information return Form 990 annually with the District Director at Newark after the close of each annual accounting period, December 31st. Whether 990-T and 990 are one and the same, I do not know at this writing.

At this juncture, I am beginning to become befuddled due to inexperience with this type of business, but more so because of inability to have an exchange of views with knowledgeable Board members. I have discussed the situation with Russ Sayre down here, who likewise professes unfamiliarity with the complexities, but concurs with what I have written above and below. I am furnishing him copy of this correspondence for his ready reference, in case you wish in the future to seek his vote on any phase.

Do you suppose that you can interest one of our "practising attorney" members in the Association, plus perhaps an accountant, to intercede now either from personal knowledge or by having a conference with John Knox in Newton? I am sure that Mr. Knox will be greatly interested in IRS's Determination of Exemption insofar as INCOME tax is concerned. I believe he received a similar Determination for the Brookwood Association. If I recollect correctly, this Determination for Wildwood Shores coincidentally and automatically EXEMPTS our Association also from payment of EXCISE tax on the dues. I believe that my earliest memo on the subject explained this. However, this should be checked with Mr. Knox. He should then be asked whether the Association should make claim for REFUND of past EXCISE taxes paid, say, for three period under presumptive Statute of Limitation, or, at any rate, from the date our application for Exemption was first filed on or about December 18, 1962. If he is affirmatively-minded, let him prepare the requisite letter or application on proper IRS Form. It will pay the Board to spend a few dollars for legal counsel if it can eventuate in refund of the Excise taxes paid since December 1962, or earlier.