

The Internal Revenue Service will not in similar cases follow the decision entered November 10, 1966, by the United States Court of Appeals, Seventh Circuit, in *Pepsi-Cola Bottlers' Association, Inc. v. United States*, 369 F.2d 250 (1966).

In that case the Court held that the Association, whose members are engaged in the bottling and sale of a single franchised soft-drink product, and whose purposes and activities were directed to the more efficient production and sale of that product, qualified for exemption from Federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code of 1954.

Section 501(c)(6) of the Code exempts from Federal income tax business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations describes a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

It is the position of the Service that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code. See *Produce Exchange Clearing Association, Inc. v. Helvering*, 71 F.2d 142 (1934), Ct. D. 898, C.B. XIII-2, 209 (1934).