

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

Index Number: 6045.00-00

Third Party Communication: None  
Date of Communication

Ann Marie Hess, Board President  
New England Time Banks  
47 Portland Street  
Portland, ME 04101

Person To Contact:  
Cynthia McGreevy, ID No. 50-25296

Telephone Number:  
(202) 622-4910

Refer Reply To:  
CC:PA:APJP:01  
PLR-139766-06

Date: FEB 20 2007

Legend:

X = New England Time Banks  
TIN: 01-0496955

T = Time dollar

Dear Ms. Hess:

This responds to your request for ruling received August 28, 2006, concerning whether X is a barter exchange under section 6045 of the Internal Revenue Code and section 1.6045-1(a)(4) of the Income Tax Regulations.

FACTS

X is an exempt public charity under section 501(c)(3) that serves as a recordkeeper and coordinator for the exchange of goods and services between community members (Exchange). The purpose of the Exchange is to strengthen relationships between neighbors and members of the community based on reciprocity and equality.

Membership in X is open to anyone who completes an application, interviews, attends an orientation, and submits to a background check, all conducted by X. There is no fee assessed to join and X receives no compensation or other fee for providing the recordkeeping service. X provides a membership directory, which lists the members' names and services offered.

X maintains a computerized file of services that members are willing to provide, provides the names of service providers to service recipients when asked, and maintains accounts of hours of service provided under the program. All services are valued equally under the Exchange: one hour of service equals one unit of credit,

referred to as T. Upon completion of services or the exchange of goods, the member providing the goods or service will contact X. X will enter a credit on the account of the member providing the goods or service and enter a debit on the account of the recipient.

Members in the Exchange commonly provide services such as childcare, housecleaning, home maintenance, music lessons, or other personal services, including medical consultations and exams, massage, and other holistic treatments. Some members also offer tangible items, tickets, or discounts from menu items at certain restaurants for which T can be exchanged. X does not guarantee that a member will be able to use accumulated T or receive any goods or services. Members may donate points to other members

### LAW AND ANALYSIS

Section 6045 of the Internal Revenue Code states the general rule that every person doing business as a broker shall, when required by the Secretary, make a return, in accordance with such regulations as the Secretary may prescribe, showing the name and address of each customer, with such details regarding gross proceeds and such other information as the Secretary may by forms or regulations require with respect to such business.

Section 6045(c)(1)(B) states that the term "broker" includes a barter exchange.

Section 6045(c)(3) defines the term "barter exchange" as any organization of members providing property or services who jointly contract to trade or barter such property or services.

Section 1.6045-1(a)(4) of the regulations states that the term "barter exchange" means any person with members or clients that contract either with each other or with such person to trade or barter property or services either directly or through such person. The term does not include arrangements that provide solely for the informal exchange of similar services on a noncommercial basis.

X facilitates the exchange of services on a noncommercial basis. Although X's exchange has some similarity to a barter exchange (e.g., similar bookkeeping procedures and listings of services available), it is not a barter exchange within the meaning of section 6045(c)(3). Under the Exchange, X does not charge a fee for participation or membership in the exchange; all services receive a point value based solely on the number of hours of service provided without regard to the type of service; service recipients do not incur a contractual liability upon the receipt of services; service providers do not earn a contractual right to receive services (or any other compensation) when they perform services. The credits serve merely as a means to motivate the volunteers to continue their community service.

Accordingly, X is not a barter exchange for purposes of section 6045 and the regulations thereunder as a result of its above described Exchange.

This ruling is directed only to the taxpayer who requested it, and it is limited to the facts as represented. Section 6110(k)(3) provides that it may not be used or cited as precedent. No opinion is expressed about the tax consequences of the Exchange under any other provision of the Code. Specifically, no opinion is expressed concerning whether a member earns income as a result of the member's participation in the program.

Sincerely,

A handwritten signature in cursive script that reads "James C. Gibbons/cm". The signature is written in black ink and is positioned above the typed name and title.

James C. Gibbons  
Branch Chief, Administrative Provisions  
& Judicial Practice, Branch 1  
(Procedure and Administration)

cc: John S. Kaminski  
Drummond, Woodsum, & MacMahon  
245 Commercial Street  
Portland, ME 04104

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Washington, DC 20224

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Third Party Communication: None  
Date of Communication

Person To Contact:

Telephone Number:

Refer Reply To:  
CC:PA:APJP:01  
PLR-139766-06

Date: February 20, 2007

Legend:

X =

T =

Dear :

This responds to your request for ruling received August 28, 2006, concerning whether X is a barter exchange under section 6045 of the Internal Revenue Code and section 1.6045-1(a)(4) of the Income Tax Regulations.

**FACTS**

X is an exempt public charity under section 501(c)(3) that serves as a recordkeeper and coordinator for the exchange of goods and services between community members (Exchange). The purpose of the Exchange is to strengthen relationships between neighbors and members of the community based on reciprocity and equality.

Membership in X is open to anyone who completes an application, interviews, attends an orientation, and submits to a background check, all conducted by X. There is no fee assessed to join and X receives no compensation or other fee for providing the recordkeeping service. X provides a membership directory, which lists the members' names and services offered.

X maintains a computerized file of services that members are willing to provide, provides the names of service providers to service recipients when asked, and maintains accounts of hours of service provided under the program. All services are

valued equally under the Exchange: one hour of service equals one unit of credit, referred to as T. Upon completion of services or the exchange of goods, the member providing the goods or service will contact X. X will enter a credit on the account of the member providing the goods or service and enter a debit on the account of the recipient.

Members in the Exchange commonly provide services such as childcare, housecleaning, home maintenance, music lessons, or other personal services, including medical consultations and exams, massage, and other holistic treatments. Some members also offer tangible items, tickets, or discounts from menu items at certain restaurants for which T can be exchanged. X does not guarantee that a member will be able to use accumulated T or receive any goods or services. Members may donate points to other members

### LAW AND ANALYSIS

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X facilitates the exchange of services on a noncommercial basis. Although X's exchange has some similarity to a barter exchange (e.g., similar bookkeeping procedures and listings of services available), it is not a barter exchange within the meaning of section 6045(c)(3). Under the Exchange, X does not charge a fee for participation or membership in the exchange; all services receive a point value based solely on the number of hours of service provided without regard to the type of service; service recipients do not incur a contractual liability upon the receipt of services; service providers do not earn a contractual right to receive services (or any other

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Sincerely,

James C. Gibbons  
Branch Chief, Administrative Provisions  
& Judicial Practice, Branch 1  
(Procedure and Administration)

CC:



# Notice of Intention to Disclose

Taxpayer name	
Mailing date of this notice	March 19, 2007
Last date to request IRS review	April 9, 2007
Last date to request delay	April 18, 2007
Last date to petition Tax Court	April 18, 2007
Date open to public inspection	June 15, 2007

Section 6110 of the Internal Revenue Code provides that copies of certain rulings, technical advice memoranda, and determination letters will be open to public inspection after deletions are made. Rulings and technical advice memoranda will be open to public inspection in the Freedom of Information (FOI) Reading Room, 1111 Constitution Avenue, N.W., Washington, D.C. 20224, where they may be read and copied by anyone interested.

In accordance with section 6110, we intend to make the enclosed deleted copy of your ruling open to public inspection. We made the deletions indicated in accordance with section 6110(c), which requires us to delete:

1. The names, addresses, and other identifying details of the person the ruling pertains to, and of any other person identified in the ruling [other than a person making a "third party communication" (see back of this notice)].
2. Information specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and which is in fact properly classified under such Executive Order.
3. Information specifically exempted from disclosure by any statute (other than the Internal Revenue Code) which is applicable to the Internal Revenue Service.
4. Trade secrets and commercial or financial information obtained from a person that are privileged or confidential.
5. Information which would constitute a clearly unwarranted invasion of personal privacy.
6. Information contained in or related to examination, operating, or condition reports prepared by, or for use of, an agency that regulates or supervises financial institutions.
7. Geological and geophysical information and data (including maps) concerning wells.

These are the only grounds for deleting material. We made the indicated proposed deletions after considering any suggestions for deletions you may have made prior to issuance of the ruling.

**If You Agree** with the proposed deletions you do not need to take any further action. We will place the deleted copy in the National Office FOI Reading Room on the "Date Open to Public Inspection" shown on this notice.

**If You Disagree** with the proposed deletions, please return the deleted copy and show, in brackets, any additional information you believe should be deleted. Include a statement supporting your position. Only material falling within the seven categories listed above may be deleted. Your statement should specify which of these seven categories is applicable with respect to each additional deletion you propose. Send your deleted copy and statement to:

**Internal Revenue Service**  
Attention: CC:PA:LPD:DLS  
Ben Franklin Station  
Post Office Box 7604  
Washington, DC 20044

For Paperwork Reduction Act information, see back of notice.

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It must be postmarked no later than the "Last Date to Request IRS Review" shown on this notice. We will give your submission careful consideration. If we determine we cannot make any or all of the additional deletions you suggest, we will so advise you no later than 20 days after we receive your submission. You will then have the right to file a petition in the United States Tax Court if you disagree with us. Your petition must be filed no later than the "Last Date to Petition Tax Court" shown on this notice, which is 60 days after the mailing date of this notice. If a petition is filed in the Tax Court, the disputed portion(s) of the ruling will not be placed in the Reading Room until after a court decision becomes final.

If no petition is filed in the Tax Court, the deleted copy of your ruling will be made open to public inspection on the date shown on this notice. If the transaction to which the ruling relates will not be completed by then, you may request a delay of public inspection.

### **Request for Delay of Public Inspection**

You may request a delay of public inspection of up to 90 days, or 15 days after the transaction is completed, whichever is earlier. The request for delay must be received by the IRS no later than the "Last Date to Request Delay" shown on this notice, which is 60 days after the mailing date of this notice. Send your request for delay to:

**Internal Revenue Service**  
Attention: CC:PA:LPD:DLS  
Ben Franklin Station  
Post Office Box 7604  
Washington, DC 20044

You may request a second delay of up to an additional 180 days (or 15 days after the completion of the transaction, whichever is earlier) if the transaction is not completed by the end of the original delay period and if good cause exists for additional delay. We must receive a request for a second delay at the above address at least 30 days before the original delay period ends.

### **Additional Disclosure**

After the deleted copy of your ruling is placed in our Reading Room, any person may request us to make additional portions of the ruling open to public inspection. If we receive a request that involves disclosure of names, addresses, or taxpayer identifying numbers, we will deny the request and you will not be contacted. If that request involves disclosure of anything other than names, addresses, or taxpayer identifying numbers, we will contact you before taking action.

### **Third Party Communications**

The enclosed deleted copy of your ruling may contain the notation "Third Party Communication." This indicates that IRS received a communication (written or oral) regarding your ruling request from a person outside the IRS (other than you or your authorized representative). The date of the communication and the category of the person making the contact (such as "Congressional" or "Trade Association") will be indicated.

**If You Have Any Questions** regarding this notice, please contact:

**Internal Revenue Service**  
Attention: CC:PA:LPD:DLS  
Ben Franklin Station  
Post Office Box 7604  
Washington, DC 20044  
**(202) 622-7570**

**Paperwork Reduction Act Notice** -- You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103. The time needed to provide information if you disagree with the proposed deletions will vary depending on individual circumstances. The estimated average time is 30 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this notice simpler, we would be happy to hear from you. You can write to: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Avenue, N.W., Washington, DC 20224. Do not send your submission to this address. Instead, send it to: **Internal Revenue Service**, Attention: CC:PA:LPD:DLS, Ben Franklin Station, Post Office Box 7604, Washington, DC 20044.



**Internal Revenue Service**

Index Numbers: 6045.00-00

John S. Kaminski  
245 Commercial Street  
Portland, ME 04104

Department of the Treasury

Washington, DC 20224

Person to Contact:  
C McGreevy, ID #50-25296  
Telephone Number:  
(202) 622-4910  
Refer Reply To:  
CC:PA:APJP:1-PLR-139766-06  
Date: February 21, 2007

Dear Mr. Kaminski:

The enclosed letter is sent to you under the provisions of a power of attorney, authorization and declaration, or other proper authorization currently on file with the Internal Revenue Service.

Sincerely yours,



James C. Gibbons  
Chief, Branch 1  
Procedure and Administration  
(Administrative Provisions and  
Judicial Practice)