



SHARING INFORMATION - INCREASING KNOWLEDGE

WVOHOA Tax Exempt 501(c)(3) January 2015

IMPORTANT:

A tax-exempt organization must make available for public inspection its approved application for recognition of exemption with all supporting documents available and its last three annual information returns. The organization must provide copies of these documents upon request without charge (other than a reasonable fee for reproduction and copying costs). Penalties are provided for failure to comply with these requirements.

FEDERAL LEGISLATIVE REFORM RULES FOR 501(C)(3)

In general, no organization may qualify for section 501(c)(3) status if a substantial part of its activities is attempting to influence legislation (commonly known as lobbying). A 501(c)(3) organization may engage in some lobbying, but too much lobbying activity risks loss of tax-exempt status.

Legislation includes action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, resolutions, or similar items (such as legislative confirmation of appointive office), or by the public in referendum, ballot initiative, constitutional amendment, or similar procedure. It does not include actions by executive, judicial, or administrative bodies.

An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation.

Organizations may, however, involve themselves in issues of public policy without the activity being considered as lobbying. For example, organizations may conduct educational meetings, prepare and distribute educational materials, or otherwise consider public policy issues in an educational manner without jeopardizing their tax-exempt status.

FEDERAL LEGISLATIVE REFORM RULES FOR 501(C)(4)

Seeking legislation germane to the organization's programs is a permissible means of attaining social welfare purposes. Thus, a section 501(c)(4) social welfare organization may further its exempt purposes through lobbying as its primary activity without jeopardizing its exempt status.

New legislation enacted at the end of 2015 added Section 506 to the Internal Revenue Code. Section 506 requires an organization to notify the IRS of its intent to operate as a Section 501(c)(4) organization. The IRS has developed a new form – Form 8976 – that organizations should use to provide this notification. For information

about applying for exemption, see [Application for Recognition of Exemption](#).

This requirement only applies to organizations intending to operate under Section 501(c)(4). Organizations operating under any other 501(c) section should not file this notice. To be operated exclusively to promote social welfare, an organization must operate primarily to further the common good and general welfare of the people of the community (such as by bringing about civic betterment and social improvements).

For example, an organization that restricts the use of its facilities to employees of selected corporations and their guests is primarily benefiting a private group rather than the community and, therefore, does not qualify as a section 501(c)(4) organization. Similarly, an organization formed to represent member-tenants of an apartment complex does not qualify, because its activities benefit the member-tenants and not all tenants in the community, while an organization formed to promote the legal rights of all tenants in a particular community may qualify under section 501(c)(4) as a social welfare organization.

An organization is not operated primarily for the promotion of social welfare if its [primary activity is operating a social club](#) for the benefit, pleasure or recreation of its members, or is [carrying on a business with the general public](#) in a manner similar to organizations operated for profit.

SOURCE: <https://www.irs.gov>