

# [Exemptions]

[Federal income tax exempt status issued by IRS &/or as declared by Taxpayers]

## 26 U.S. Code § 501 (c)(6)



**501(c)(6) — Business Leagues, Chambers of Commerce, Real Estate Boards, etc.**



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### Part 7. Rulings and Agreements

#### Chapter 25. Exempt Organizations Determinations Manual

#### Section 6. Business Leagues

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#### **7.25.6.1 (10-19-1998)**

##### **Overview**

1. This section discusses organizations organized as business leagues, chambers of commerce, real estate boards, and boards of trade to be recognized as exempt from tax under IRC 501(c)(6).
2. IRC 501(c)(6) provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues (whether or not administering a pension fund for football players), which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

#### **7.25.6.1.1 (10-19-1998)**

##### **Definitions**

1. The regulations define a business league as an association of persons, including legal entities such as trusts and corporations, having a common business interest. Its purpose is to promote the common business interest and not to engage in a regular business of a kind ordinarily carried on for profit. Its activities are directed to the improvement of business conditions of one or more lines of business rather than the performance of particular services for individual persons. These regulations have been held to have the effect of law by virtue of successive reenactments of the statutory provision. See *Retailers Credit Association of Alameda County v. Commissioner*, 90 F.2d 47 (9th Cir. 1937).
2. Chambers of commerce and boards of trade are organizations of the same general type as business leagues, and the requirements for exemption of business leagues are the same for these organizations. See Reg. 1.501(c)(6)-1. However, chambers of commerce and boards of trade direct their efforts at promoting the common economic interests of all the commercial enterprises in a given trade community. See Rev. Rul. 73-411, 1973-2 C.B. 180.

#### **7.25.6.1.2 (10-19-1998)**

##### **Basic Tests**

1. An organization must meet certain basic tests in order to be exempt under IRC 501(c)(6).
  - A. It must be an association of persons having some common business interest, and its purpose must be to promote this common business interest.
  - B. It must not be organized for profit.
  - C. It must be a membership organization and have a meaningful extent of membership support.
  - D. No part of its net earnings may inure to the benefit of any private shareholder or individual.
  - E. Its activities must 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.
  - F. Its purpose must not be to engage in a regular business of a kind ordinarily carried on for profit, even if the business is operated on a cooperative basis or produces only sufficient income to be self-sustaining.
  - G. It must be primarily engaged in activities or functions constituting the basis for its exemption.
  - H. Its primary activity cannot be performing particular services for members.

### 7.25.6.2 (10-19-1998)

#### Common Business Interest

1. The members of an exempt business league must share a common business interest. The purpose of the business league must be to promote this common business interest.
2. The term "business" is construed broadly and includes almost any enterprise or activity conducted for remuneration. Thus, the term is broad enough to encompass professions as well as mercantile and trading businesses. See Rev. Rul. 70-641, 1970-2 C.B. 119. It may also include the activities of organizations, such as consumer cooperatives, that engage in business on a cooperative basis. See Rev. Rul. 67-264, 1967-2 C.B. 196.
3. If they otherwise qualify for exemption, organizations with a purpose to better the conditions of persons engaged in agriculture, improve the grade of their products, and develop their efficiency, are classified under IRC 501(c)(5). That section covers labor, agricultural, and horticultural organizations. However, organizations promoting the common business interest of persons in an industry related to agricultural pursuits, such as food processing, are classified under IRC 501(c)(6) even if some members are engaged in agriculture. See Rev. Rul. 67-252, 1967-2 C.B. 195. Also, a nonprofit trust created by an agreement between a labor union and business league, whose activities are appropriate for a business league, is considered "an association of persons having some common business interest" and is exempt under IRC 501(c)(6). See Rev. Rul. 70-31, 1970-1 C.B. 130.
4. The following examples illustrate the principal activities of some organizations that have common business interests:
  - A. A board was formed by members of the medical profession to improve the quality of medical care available to the public and to establish and maintain high standards of excellence in a particular medical specialty. The board's activities include devising and administering written examinations and issuing certificates to successful candidates in the medical specialty. Listings of the certified physicians are made available by the board to various medical groups who in turn make the listings available to the public. The organization is promoting the common business interest of the physicians and is exempt under IRC 501(c)(6). See Rev. Rul. 73-567, 1973-2 C.B. 178.
  - B. An organization formed by members of a state medical association to operate peer review boards qualifies for exemption under IRC 501(c)(6). Its primary purposes of establishing and maintaining standards for quality, quantity, and reasonableness of costs of medical services serve to maintain the professional standards, prestige and independence of the medical profession and thereby further the common interest of the organization's members. See Rev. Rul. 74-553, 1974-2 C.B. 168.
  - C. An organization formed to stimulate the development and free interchange of information pertaining to systems and programming of electronic data processing equipment qualifies under IRC 501(c)(6). The membership is composed of representatives of diversified businesses that own, rent, or lease one or more digital computers produced by various manufacturers. Semi-annual conferences open to the general public are held at which operational and technical problems are discussed. Here, the common business interest of the members of the organization is their common business problems concerning the use of digital computers. The activities of this organization provide a forum for the exchange of information that will lead to the more efficient use of computers by members and other interested users, and thus improve the overall efficiency of the business operations of each. See Rev. Rul. 74-147, 1974-1 C.B. 136.
  - D. An organization formed to promote the commercial fishing industry in a particular state through the publication and dissemination of a newspaper that contains news of events of interest to the fisherman and new techniques and advances in the commercial fishing industry qualifies under IRC 501(c)(6). The activities of the organization are directed toward the betterment of the

conditions of those engaged in commercial fishing. By operating in the manner described, it is promoting the common business interest of commercial fishermen. See Rev. Rul. 75-287, 1975-2 C.B. 211.

- E. An organization formed as a membership organization of business and professional women that promotes the acceptance of women in business and the professions qualifies for exemption under IRC 501(c)(6). By sponsoring events devoted to the discussion and consideration of problems affecting women in business and the professions, the organization is promoting a common business interest. To the extent that the organization achieves its goal of improving opportunities for and attitudes toward women, it improves conditions in each of the industries or lines of business from which its members are drawn. See Rev. Rul. 76-400, 1976-2 C.B. 153.
  - F. An organization composed of persons studying for a degree in a particular profession may qualify under IRC 501(c)(6). Even though the students are not presently engaged in a business, the purpose of the organization is to promote their common interests as future members of that profession. See Rev. Rul. 77-112, 1977-1 C.B. 149.
  - G. A trust established for the purpose of monitoring and coordinating business league activities of its member business leagues and collecting, administering, and disbursing funds to the member business leagues for business league purposes is exempt under IRC 501(c)(6). The trust was created pursuant to collective bargaining agreements between a labor union and several business leagues, which promote the home building industry in a particular geographic area. See Rev. Rul. 82-138, 1982-2 C.B. 106.
5. The following examples illustrate the principal activities of some organizations that do not promote common business interests:
- A. An organization composed of individuals, firms, associations and corporations, each representing a different trade, business, occupation or profession whose purpose is to exchange information on business prospects has no common business interest other than a mutual desire to increase their individual sales. The activities are not directed to the improvement of one or more lines of business, but rather to the promotion of the private interests of its members. See Rev. Rul. 59-391, 1959-2 C.B. 151
  - B. The American Automobile Association was held not to be exempt as a business league under IRC 501(c)(6) in *American Automobile Association v. Commissioner*, 19 T.C. 1146 (1953). This is a national association composed of individual automobile owners and affiliated auto clubs. Notwithstanding its broad purposes to improve highway traffic safety and to educate the public in traffic safety, its principal activities were determined to consist of securing benefits and performing particular services for members.
  - C. Hobbies are activities that are not conducted as businesses. Therefore, organizations that promote the common interest of hobbyists do not qualify under IRC 501(c)(6). Thus, an association of dog owners, most of whom were not in the business of raising and selling dogs, was found not to further a common business interest. See *American Kennel Club, Inc. v. Hoey*, 148 F.2d 920 (2nd Cir. 1945).

### **7.25.6.3 (10-19-1998)**

#### **Not Organized for Profit**

1. IRC 501(c)(6) specifically provides that in order to qualify, the organization must not be organized for profit.
2. An organization that issued shares of stock carrying the right to dividends was organized for profit and was not exempt. See *Northwestern Jobbers' Credit Bureau v. Commissioner*, 37 F.2d 880 (8th Cir. 1930).

3. A provision in an organization's charter providing for the distribution of assets to its members in the event of dissolution will not in itself preclude exemption. See *Crooks v. Kansas City Hay Dealers' Association*, 37 F.2d 83 (8th Cir. 1929). However, the distribution of accumulated income to members may constitute inurement (see IRM 7.25.6.5), and a business league operated for such a purpose would not qualify for exemption.

#### **7.25.6.4 (10-19-1998)**

##### **Membership and Support**

1. An IRC 501(c)(6) organization is a membership organization characteristically supported by dues. While such an organization may receive a substantial portion or even the primary part of its income from non-member sources, membership support, both in the form of dues and involvement in the organization's activities, must be at a meaningful level.
  - A. Any income derived from the performance of the organization's exempt functions or from substantially related activities should be treated as membership support.
  - B. Contributions or gifts from the general public should be treated as membership support.
  - C. Unrelated income should be excluded in measuring the extent of membership support.
2. As with organizations described in IRC 501(c)(5), a principal purpose test is used to determine whether a particular class of dues income will be subject to the unrelated business income tax provisions. See Rev. Proc. 97-12, 1997-1 I.R.B. 631. Following the provisions of Rev. Proc. 95-21, 1995-1 C.B. 686, if a category of members has been formed or availed of for the purpose of producing unrelated business income, then dues from that category of members will be taxed as unrelated business income. For purposes of IRC 501(c)(6), such income would not be considered as membership support.

#### **7.25.6.5 (10-19-1998)**

##### **No Part of the Net Earnings Inures to the Benefit of Any Private Shareholder or Individual**

1. An organization that is exempt under IRC 501(c)(6) may not be operated for the profit of its individual members. Members may nevertheless receive some kinds of benefits from the organization, such as newsletters and similar informative material. Moreover, the profitability of the members' individual enterprises may be enhanced by the successful promotion of the common business interest.
  - A. The inurement proscription of the statute precludes furnishing benefits for some members at special rates, at the expense of the other members. Nevertheless, an exempt business league may generally make cash distributions to its members without loss of exemption where such distributions represent no more than a reduction in dues or contributions previously paid to the league to support its activities. However, if the refund of the dues is not made in the same proportion as the dues are paid, inurement may result. See Rev. Rul. 81-60, 1981-1 C.B. 335.
  - B. In Rev. Rul. 77-206, 1977-1 C.B. 149, cash rebates were made by an exempt business association to member and nonmember exhibitors who participated in the association's annual industry trade show. The rebates represented a portion of an advance floor deposit paid by each exhibitor to ensure the show against financial loss, were made to all exhibitors on the same basis, did not exceed the amount of the deposit, and thus did not affect the association's exempt status.
2. Prohibited distributions of earnings are not limited to dividends on stock. Examples of cases where exemption was denied because of inurement of earnings are:
  - A. an organization that uses its funds to provide financial assistance and welfare benefits for the members (see Rev. Rul. 67-251, 1967-2 C.B. 196);

- B. an organization that paid its members for expenses they incurred in defending malpractice suits and paying judgments rendered in the suits (see *National Chiropractic Association, Inc. v. Birmingham*, 96 F. Supp. 874 (N.D. Iowa 1951)); and
- C. an association of wholesale grocers that owned a copyright on certain grocery labels and that distributed royalties to its members (see *Wholesale Grocers Exchange, Inc. v. Commissioner*, 3 T.C.M. (CCH) 699 (1944)).

#### **7.25.6.5.1 (10-19-1998)**

##### **Nonmember Income and Inurement**

1. Business leagues rely, at least in part, on membership dues as a source of revenue. See IRM 7.25.6.4. To the extent that an organization receives income from nonmembers, the members are relieved of their burden of paying dues. In a case decided before 1950, the Tax Court held that net earnings inured to the members through a reduction in dues made possible by earnings from a business ordinarily carried on for profit. See *National Automobile Dealers Association v. Commissioner*, 2 T.C.M. (CCH) 291 (1943). However, the unrelated business income tax provisions (IRC 511–515), which were added by the Revenue Act of 1950, are specifically applicable to IRC 501(c)(6) organizations. Thus it is clear that since 1950 exempt business leagues may receive business income without necessarily losing exemption. The receipt of business income by the business league does not in itself constitute inurement, even though it may indirectly benefit the members. If such income were distributed directly to the members, however, there would be inurement of income to the benefit of individuals and exemption would be lost.
2. Where an exempt business league engages in related income producing activities or services with nonmembers as well as members, it is not unusual to provide the goods or services to members at a reduced price. Such an arrangement does not necessarily result in inurement of income to members.
  - A. If it can be shown that members' dues are used to support the activity that results in the goods or services being sold, and the difference in price reasonably reflects that support, the lower price to members is not considered inurement of income.
  - B. However, where the difference in price is achieved through a system of rebates to members only, there may be inurement of income if the rebate reflects more than the value of member support for that activity through members' dues. See *Michigan Mobile Home and Recreational Vehicle Institute*, 66 T.C. 770 (1976).
3. In the following cases the organizations are exempt although they receive income from nonmember sources. In each of these cases, the activity producing the income is related to the organization's exempt purpose, and the income from the activity is considered to be membership support:
  - A. an organization formed to promote a professional sport that receives income from the operation of championship tournaments open to the public, the sale of broadcasting rights, and the sale of publications (see Rev. Rul. 58–502, 1958–2 C.B. 271);
  - B. a veterinarians' association that collects fees from operating a rabies clinic open to the general public (see Rev. Rul. 66–222, 1966–2 C.B. 223);
  - C. an association of insurance agents that receives commissions from handling insurance programs (see Rev. Rul. 56–152, 1956–1 C.B. 56); and
  - D. a professional association that receives fees from nonmembers for a training program (see Rev. Rul. 67–296, 1967–2 C.B. 212).
4. Where an exempt business league derives revenue from sources other than membership dues, it becomes necessary to determine whether the income producing activity is an unrelated trade or business. See 7.25.6.8 (concerning the unrelated business income tax) and IRM 7.27.4 (Taxation of Unrelated Business).

#### **7.25.6.6 (10-19-1998)**

##### **Improvement of Business Conditions**

1. The activities of a business league must be directed to the improvement of business conditions of one or more lines of business in order to qualify for exemption. It may promote the general commercial welfare, but this is not a requirement. See Rev. Rul. 59-391, 1959-2 C.B. 151. However, the activities of the organization cannot be primarily directed to the performance of particular services for individual persons.
2. Examples of activities that are directed to the improvement of business conditions and that do not constitute the performing of particular services for individual members include:
  - A. the presentation of information, trade statistics, and group opinions to government agencies and bureaus (see *American Refractories Institute v. Commissioner*, No. 16,184 (T.C.M. 1947); *Atlanta Master Printers Club v. Commissioner*, 1 T.C.M. (CCH) 107 (1942));
  - B. the promotion of the members' line of business by publishing statistics on business conditions in the industry based on data reported by members on specific forms, which members also use in the analysis of their own operations (see Rev. Rul. 68-657, 1968-2 C.B. 218);
  - C. the promotion of the common business interests of members through advocacy of the open shop principle (see *Associated Industries of Cleveland v. Commissioner*, 7 T.C. 1449, at 1465 (1946); *acq.*, 1947-1 C.B. 1);
  - D. attempting to influence legislation germane to the common business interests of an organization's members (see Rev. Rul. 61-177, 1961-2 C.B. 117); and
  - E. the maintenance of a nonprofit lawyer referral service aimed at improving the image and functioning of the legal profession (see Rev. Rul. 80-287, 1980-2 C.B. 187).
3. Whether the activities of a business league actually lead to real and permanent improvement of business conditions is immaterial so long as reasonably prudent businessmen believe they will improve business conditions. See *Associated Industries of Cleveland v. Commissioner*, 7 T.C. 1449, at 1466, *supra*.
  - A. An organization composed of businessmen is exempt where its activities were limited to holding luncheon meetings devoted to discussions of various problems in a particular industry directed to the improvement of business conditions as a whole. See Rev. Rul. 67-295, 1967-2 C.B. 197.
  - B. However, an organization of business and professional persons of a community, providing luncheon and bar facilities for its members but having no specific program directed to the improvement of business conditions, does not qualify under IRC 501(c)(6). See Rev. Rul. 70-244, 1970-1 C.B. 132.

#### **7.25.6.6.1 (10-19-1998)**

##### **Line of Business**

1. For exemption purposes, a line of business is a trade or occupation, entry into which is not restricted by a patent, trademark, or other means that allow private parties to restrict the right to engage in the business.
2. An organization formed by members of a particular industry that contracts with various research organizations to develop new and improved uses for existing products of the industry is exempt under IRC 501(c)(6). No services are performed by the organization for any particular member, nor are any of the organization's patents and trademarks licensed to any member on an exclusive basis. See Rev. Rul. 69-632, 1969-2 C.B. 120.
3. An association of licensed dealers in a certain type of patented product does not qualify as a business league where the association owns the controlling interest in a corporation holding the basic patent, is engaged mainly in furthering the business interests of its member-dealers, and does not benefit people who

manufacture competing products of the same type covered by the patent. See Rev. Rul. 58-294, 1958-1 C.B. 244. In addition, an association of dealers selling a particular make of automobile that engages in financing general advertising campaigns to promote the sale of that make is not exempt because it is performing particular services for its members rather than promoting a line of business; i.e., the automotive industry as a whole. See Rev. Rul. 67-77, 1967-1 C.B. 138.

4. An organization whose members represent diversified businesses that own, rent, or lease computers produced by a single computer manufacturer does not qualify for exemption under IRC 501(c)(6). This organization is distinguishable from the one described in Rev. Rul. 74-147, 1974-1 C.B. 136. While members of both organizations have a common business interest concerning the use of computers, the organization in Rev. Rul. 74-147 directs its activities to users of computers made by diverse and competing manufacturers, while this organization directs its activities to users of computers made by one manufacturer. See Rev. Rul. 83-164, 1983-2 C.B. 95.
5. In *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), the Supreme Court held that an association of a particular brand name of muffler dealers did not qualify for exemption because the association was not engaged in the improvement of business conditions of a line of business. This effectively settled a question raised in *Pepsi-Cola Bottlers' Association, Inc. v. United States*, 369 F.2d 250 (7th Cir. 1966), where the court held that an association of the bottlers of a particular brand of soft drink was promoting a line of business. The government had contended that it was not promoting a line of business since the entire soft drink industry rather than a particular brand was the line of business. The Service then reiterated its position in Rev. Rul. 68-182, 1968-1 C.B. 263.
6. The Service has prevailed in other litigation concerning the scope of a line of business.
  - A. In *National Prime Users Group, Inc. v. U.S.*, 667 F. Supp. 250 (D.C. MD 1987), the court held that an organization that served the needs of users of a specific brand of computer promoted only a segment of a line of business and was not exempt under IRC 501(c)(6).
  - B. In *Guide International Corporation v. U.S.*, 948 F.2d 360 (7th Cir. 1991), the court concluded that an association of computer users did not qualify for exemption under IRC 501(c)(6) because it essentially benefitted users of IBM equipment.

#### **7.25.6.7 (10-19-1998)**

##### **Activities That Constitute the Performance of Particular Services**

1. The performance of particular services by an organization for its members or others is not an exempt activity under IRC 501(c)(6). While such activities do not preclude exemption in and of themselves, an organization whose primary activity is performing particular services is not exempt under IRC 501(c)(6).

#### **7.25.6.7.1 (10-19-1998)**

##### **Advertising Activities**

1. Advertising that carries the names of members generally constitutes the performance of particular services for members. Thus, an association of the merchants in a particular shopping center whose advertising material contained the names of the individual merchants is denied exemption (see Rev. Rul. 64-315, 1964-2 C.B. 147) as is an association created to attract tourists to a local area, but whose principal activity is the publication of a yearbook consisting largely of paid advertisements by its members (see Rev. Rul. 65-14, 1965-1 C.B. 236). In another case, exemption was denied an association that published catalogues that listed only products manufactured by the members. See *Automotive Electric Association v. Commissioner*, 168 F.2d 366 (6th Cir. 1948).
2. On the other hand, an organization formed to promote the business of a particular industry and that conducts a general advertising campaign to encourage the use of products and services of the industry as a whole is exempt notwithstanding that such advertising to a minor extent constitutes the performance of



particular services for its members. See Rev. Rul. 55-444, 1955-2, C.B. 258. An association of apple growers that engaged in promoting the sale of apples grown in the state was held exempt since its purpose was to promote the industry as a whole and not members of the organization and to improve a line of business, even though its benefits were limited to a particular geographic area. See *Washington State Apples, Inc. v. Commissioner*, 46 B.T.A. 64 (1942), *acq.*, 1942-1 C.B. 17.

3. An association of plywood manufacturers owned a trademark that was licensed for use only by its members. Advertising sponsored by the association did not contain the names of individual manufacturers, but did refer to the trademark. The court found that the trademark was analogous to the industrywide advertising approved in *Washington State Apples, Inc. v. Commissioner*, *supra*, and that the trademark was only an incidental part of the advertising, which extolled the virtues of plywood in general. See *American Plywood Association v. United States*, 267 F. Supp. 830 (W.D. Wash. 1967).
4. The finding in the plywood manufacturers case is distinguished in Rev. Rul. 70-80, 1970-1 C.B. 130, which holds that a nonprofit trade association of manufacturers, whose principal activity is the promotion of its members' products under the association's required trademark, does not qualify under IRC 501(c)(6).
5. Likewise, a shopping center merchants' association whose membership is restricted to, and required of, the tenants of a one-owner shopping center and their common lessor, and whose activities include promotional affairs and advertising to publicize the center, does not qualify as a business league or chamber of commerce under IRC 501(c)(6) because these activities are directed to promoting the general business interest of its members only, rather than of the industry as a whole. See Rev. Rul. 73-411, 1973-2 C.B. 180.
6. The publication of ordinary commercial advertising for products and services used by the legal profession in a bar association's journal is unrelated trade or business under IRC 513 because it is commercial in nature and does not contribute importantly to the association's exempt purposes. The publication of legal notices, however, promotes the common interests of the legal profession and thus is not on unrelated trade or business under IRC 513. See Rev. Rul. 82-139, 1982-2 C.B. 108.

#### **7.25.6.7.2 (10-19-1998)**

##### **Other Examples of Performance of Particular Services**

1. In the following situations exemption was denied because the organization's primary activities were found to constitute the performance of particular services for individual persons:
  - commodity and stock exchanges, which serve their members as a convenience and economy in buying and selling (see Reg. 1.501(c)(6)-1);
  - an organization formed to sell advertising in its members' publications (see Rev. Rul. 56-84, 1956-1 C.B. 201);
  - an organization that promotes the publication of its members' writings (see Rev. Rul. 57-453, 1957-2 C.B. 310);
  - organizations that facilitate the purchase of supplies and equipment and to supply management services for their members (see Rev. Rul. 66-338, 1966-2 C.B. 226; *Indiana Retail Hardware Association, Inc. v. United States*, 366 F.2d 998 (Ct. Cl. 1966); *Apartment Operators Association v. Commissioner*, 136 F.2d 435 (9th Cir. 1943); *Uniform Printing & Supply Co. v. Commissioner*, 33 F.2d 445 (7th Cir. 1929));
  - a nurses' registry controlled and financed by participating nurses where its activities consist of assigning nurses to jobs (see Rev. Rul. 61-170, 1961-2 C.B. 112);

- a real estate board whose primary purpose and activity is the operation of a multiple listing service for its members (see Rev. Rul. 59-234, 1959-2 C.B. 149; *Evanston-North Shore Board of Realtors v. United States*, 320 F.2d 375 (Ct. Cl. 1963));
- an organization that conducts a trading stamp plan whereby patrons of members receive trading stamps redeemable for merchandise at local stores (see Rev. Rul. 65-244, 1965-2 C.B. 167);
- an organization whose primary activity is operating a parking stamp plan whereby patrons of its members are afforded parking privileges while shopping at members' stores (see Rev. Rul. 64-108, 1964-1 (Part 1) C.B. 189);
- an organization formed to operate a laundry and dry cleaning plant for its members, who were in the laundry business (see *A-1 Cleaners and Dyers Co. v. Commissioner*, 14 B.T.A. 1314 (1929));
- an organization that operated a cold storage warehouse for its members on a cooperative basis (see *Growers Cold Storage Warehouse Co. v. Commissioner*, 17 B.T.A. 1279 (1929));
- a traffic bureau that arranges shipments and billings for a fee (see Rev. Rul. 68-264, 1968-1 C.B. 264);
- an organization of florists to promote the exchange of orders by wire among its members (see *Florists Telegraph Delivery Association, Inc. v. Commissioner*, No. 12,825-A (B.T.A.M. 1942));
- an organization formed by building and loan associations to appraise properties that are offered by borrowers and to appraise plans for building contracts entered into by members (see *Central Appraisal Bureau v. Commissioner*, No. 12,507-F (B.T.A.M. 1942));
- an organization of investment brokers formed to investigate causes of bond defaults and to perform other services members would have been required to perform in making bond investments (see *Northwestern Municipal Association, Inc. v. United States*, 99 F.2d 460 (8th Cir. 1938));
- an organization formed to estimate quantities of building materials required in members' projects (see *General Contractors' Association of Milwaukee v. United States*, 202 F.2d 633 (7th Cir. 1953));
- an organization established to insure the discharge of legal obligations of its members to pay certain taxes (see Rev. Rul. 66-354, 1966-2 C.B. 207);
- an organization formed to give financial assistance to people entering a particular profession (see Rev. Rul. 67-176, 1967-1 C.B. 140);
- an organization of oil geologists that maintains a library for use by its members (see Rev. Rul. 67-182, 1967-1 C.B. 141);
- an organization that furnishes particular information and specialized individual service to its members through publications and other means to effect economies in the operation of their individual businesses (see Rev. Rul. 56-65, 1956-1 C.B. 199, clarified by Rev. Rul. 65-164, 1965-1 C.B. 238 and Rev. Rul. 72-211, 1972-1 C.B. 150);
- a bureau that operated a credit information service for its members (see *United States v. Oklahoma City Retailers Association*, 331 F.2d 328 (10th Cir. 1964); Rev. Rul. 68-265, 1968-1 C.B. 265);
- a manufacturers' organization that conducts research and makes the results available only to its members rather than to the whole industry (see Rev. Rul. 69-106, 1969-1 C.B. 153; *Glass Container Industry Research Corp. v. U.S.*, 70-1 USTC 9214 (W.D. Pa. 1970));

- an organization that operates a telephone-answering service for member doctors (see Rev. Rul. 71-175, 1971-1 C.B. 153);
- an organization of commercial banks that provides and promotes a credit card plan for member banks (see Rev. Rul. 70-591, 1970-2 C.B. 118);
- an organization whose principal activity is to provide its members with group workmen's compensation insurance (see Rev. Rul. 74-81, 1974-1 C.B. 135);
- an organization whose principal activity is to provide a telephone answering service to distribute calls for towing service on a rotational basis to its members who are tow truck owners and operators (see Rev. Rul. 74-308, 1974-2 C.B. 168);
- an organization formed by carriers engaged in regular transoceanic passenger service, whose primary activity consists of appointing travel agents to book passenger travel on its members' ships (see Rev. Rul. 74-228, 1974-1 C.B. 136);
- an organization formed to maintain the good will and reputation of credit unions in a particular state by making interest-free loans to credit unions in financial difficulty (see Rev. Rul. 76-38, 1976-1 C.B. 157); and
- an organization that publishes and distributes to its members' customers and potential customers a directory containing members' names and addresses (see Rev. Rul. 76-409, 1976-2 C.B. 154).

#### **7.25.6.7.3 (10-19-1998)**

##### **Examples of Activities That Are Not the Performance of Particular Services**

1. In the following cases an activity carried on by a business league was found to benefit the common business interest even though there was also an incidental benefit to individual members that, standing alone, might have appeared to be a particular service to individuals:
  - an organization of tuna fishermen that negotiated with packers for standard prices to be paid to all tuna fishermen, both members and nonmembers (see *American Fishermen's Tuna Boat Association v. Rogan*, 51 F. Supp. 933 (S.D. Calif. 1943));
  - an organization of employers in an industry that negotiates terms of a uniform labor contract for the entire industry, mediates and settles labor disputes affecting the industry, and interprets contracts (see Rev. Rul. 65-164, 1965-1 C.B. 238);
  - an organization that operates a bid registry open to all individuals or firms in a particular trade or industry to encourage fair bidding practices within the industry (see Rev. Rul. 66-223, 1966-2 C.B. 224);
  - an association of insurance companies formed to investigate criminal aspects of claims against its members (see Rev. Rul. 66-260, 1966-2 C.B. 225);
  - an organization of growers and processors of agricultural products that subsidizes a lawsuit instituted by one of its members to prevent air pollution in the area served by the organization (see Rev. Rul. 67-175, 1967-1 C.B. 139);
  - an insurance rating bureau operated by casualty insurers under the authority of a state insurance commissioner to establish uniform rates and compile information for the industry (see *Oregon Casualty Association v. Commissioner*, 37 B.T.A. 340 (1938), *acq.*, 1938-1 C.B. 22);
  - an organization formed by fire insurance companies to conduct fire patrols and salvage operations (see *Minneapolis Board of Fire Underwriters v. Commissioner*, No. 10,464-A (B.T.A.M. 1938);

- an organization of financial institutions that offers rewards for information leading to the arrest and conviction of individuals committing crimes against its members (see Rev. Rul. 69–634, 1969–2 C.B. 124);
- an organization formed by manufacturers of a particular product to conduct a program of testing and certifying the product to establish acceptable standards within the industry as a whole (see Rev. Rul. 70–187, 1970–1 C.B. 131);
- an association of insurance companies that makes insurance available to persons in high-risk categories who cannot otherwise obtain coverage by providing for the equitable distribution of such policies among its members (see Rev. Rul. 71–155, 1971–1 C.B. 152), but see discussion in IRM 7.25.6.8 of organizations that are not exempt because they are themselves providing insurance;
- an organization formed to regulate the sale of a specific agricultural commodity to assure equal treatment of producers, warehousemen, and buyers, where it does not provide facilities for buying or selling commodities (see Rev. Rul. 55–715, 1955–2 C.B. 263);
- an organization of advertising agencies that verifies the advertising claims of publications selling advertising space and makes reports available to members of the advertising industry generally (see Rev. Rul. 69–387, 1969–2 C.B. 124);
- an organization formed to promote the interests of its members and others in the building and construction industry by providing a plan room and news bulletin available to the entire industry (see Rev. Rul. 72–211, 1972–1 C.B. 150; Rev. Rul. 56–65 clarified); and
- an organization created under State statute to pay claims against insolvent fire and casualty insurance companies, where membership in the organization is required of all insurance companies writing fire and casualty insurance in the State and its income is derived from membership assessments and claims against the assets of the insolvent companies (see Rev. Rul. 73–452, 1973–2 C.B. 183).

#### **7.25.6.8 (10-19-1998)**

##### **Business Activity**

1. The regulations provide that an organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit is not a business league. Whether an organization’s purpose is primarily to engage in business is thus a question of fact. In the past, the courts have held that the following organizations were not exempt under IRC 501(c)(6):
  - an organization testing the safety of electrical products for commercial enterprises (see *Underwriters’ Laboratories, Inc. v. Commissioner*, 135 F.2d 371 (7th Cir. 1943));
  - an organization selling credit information and collection services (see *Credit Bureau of Greater New York, Inc. v. Commissioner*, 162 F.2d 7 (2nd Cir. 1947));
  - an employment agency (see *American Association of Engineers Employment, Inc. v. Commissioner*, 1952 T.C.M. ¶ 52,062); and
  - an automobile association providing commercial towing for its members (see *American Automobile Association v. Commissioner, supra*).
2. An organization engaging in business activities is exempt under IRC 501(c)(6) only when it can be determined that such activities do not constitute its primary activity. The following organizations were held to be exempt:

- a chamber of commerce that operated a credit bureau as one of its fifteen departments (see *Milwaukee Association of Commerce v. United States*, 72 F. Supp. 310 (E.D. Wisc. 1947));
  - a chamber of commerce that develops an industrial park to attract new industry to the community (see Rev. Rul. 70–81, 1970–1 C.B. 131, Rev. Rul. 81–138, 1981–1 C.B. 358, and text 6.8.1);
  - an organization of insurance agents that collected commissions on municipal insurance placed through its members (see *King County Association of Insurance Agents v. Commissioner*, 37 B.T.A. 288 (1938), *acq.* 1938–1 C.B. 17); and
  - a sports promotion organization that sells television rights to tournaments it conducts as its primary source of support (see Rev. Rul. 80–294, 1980–2 C.B. 187). This revenue ruling clarifies Rev. Rul. 58–502, 1958–2 C.B. 271, to remove the implication that the sale of broadcasting rights to an organization’s tournaments furthers IRC 501(c)(6) purposes only when the amount of the income derived therefrom is insignificant in amount.
3. However, a board of trade that provides members and nonmembers with laboratory services is not exempt because its principal activity and only source of income is from a business of a kind ordinarily carried on for profit. See Rev. Rul. 78–70, 1978–1 C.B. 159.
  4. An organization providing insurance for its members or other individuals, except in very limited instances, either is considered to be providing an economy or convenience in the conduct of members’ businesses because it relieves the members of obtaining insurance on an individual basis, or is engaged in a regular business of a kind ordinarily carried on for profit. Neither an association of insurance companies that provides malpractice insurance to health care providers nor an association of insurance companies that accepts for reinsurance high-risk customers who would ordinarily be turned down by member companies is exempt under IRC 501(c)(6). See Rev. Ruls. 81–174 and 81–175, 1981–1 C.B. 335 and 337, respectively. The organizations described in these revenue rulings are distinguishable from the one described in Rev. Rul. 71–155, 1971–1 C.B. 152, which does not assume the risk on a policy and therefore is not itself engaged in the insurance business. Also distinguishable is Rev. Rul. 73–452, 1973–2 C.B. 183, wherein an organization created under State statute to pay claims against insolvent fire and casualty insurance companies qualifies for exemption as a business league under IRC 501(c)(6). See IRM 7.25.6.7.3.
  5. When business activities also benefit an organization’s members by providing them with goods or services, such activities may also constitute the performance of particular services for individual persons and thus preclude exemption if such activities are the organization’s primary activities. Thus, many of the cases and rulings cited in IRM 7.25.6.7.1 (concerning advertising activities) and IRM 7.25.6.7.2 (concerning other services) mention both factors in denying exemption.

#### **7.25.6.8.1 (10-19-1998)**

##### **Unrelated Business Income Tax**

1. An organization that qualifies for exemption may incur liability for unrelated business income tax on its business activities. See IRM 7.27.4.
2. Under certain circumstances, income received from trade show activity conducted at a convention, annual meeting, or trade show will not constitute unrelated trade or business income. See IRM 7.25.6.9.
3. An exempt business league may engage in business with its own members so long as this is not its primary activity. A business league that manages its members’ employee welfare programs is subject to unrelated business income tax on the fees it receives from its members. (See Rev. Rul. 66–151, 1966–1 C.B. 152.) In these situations the question may arise whether furnishing goods and services to members will constitute particular services, as discussed in IRM 7.25.6.8(5) and IRM 7.25.6.7.

4. An exempt retail food merchants' association that regularly carries on as a minor portion of its activities a coupon redemption service for its members is engaged in unrelated trade or business. See Rev. Rul. 68-267, 1968-1 C.B. 284.
5. The income from the operation of a park and shop plan in which patrons of particular member merchants receive stamps entitling them to free parking is unrelated business income. See Rev. Rul. 79-31, 1979-1 C.B. 206.
6. A language translation service, provided by an exempt trade association that promotes and develops trade relations between business entities located in the U.S. and the government of a foreign country, is unrelated trade or business within the meaning of IRC 513. See Rev. Rul. 81-75, 1981-1 C.B. 356.
7. An IRC 501(c)(6) organization, created by a chamber of commerce to encourage business development in a particular area, obtains a mortgage to help finance the construction of a building that is leased to an industrial tenant at less than the fair rental value. The leasing of the property is substantially related to the organization's exempt purpose of attracting industry to the community. For this reason, the property does not constitute debt-financed property within the meaning of IRC 514(b)(1). See Rev. Rul. 81-138, 1981-1 C.B. 358, amplifying Rev. Rul. 70-81, 1970-1 C.B. 131.
8. For examples of advertising constituting unrelated trade or business, see 6.7.2.

#### **7.25.6.8.2 (10-19-1998)**

##### **Trade Publications**

1. The publishing of trade journals has been found to constitute the performance of particular services where the journals are mainly catalogues of the product of members. See IRM 7.25.6.7.2.
2. However, exemption was recognized for an association of wholesalers of shoe supplies, one of whose principal functions was the publication of a magazine containing information of interest to the entire industry, and distributed free to shoe repairmen. The court found that the magazine was not a sales medium for individual members and was not a business of a kind ordinarily carried on for profit. See *National Leather & Shoe Finders Association v. Commissioner*, 9 T.C. 121 (1947), *acq.*, 1947-2 C.B. 3.
3. See exhibits to IRM 7.27.6 (concerning computation of unrelated business income tax) for a discussion of advertising in trade publications.

#### **7.25.6.9 (10-19-1998)**

##### **Qualified Trade Show Activities**

1. IRC 513(d)(3), added to the Code by section 1305 of the Tax Reform Act of 1976, provides that qualified convention and trade show activities conducted by an organization described in IRC 501(c)(5) or 501(c)(6) are not unrelated trade or business if certain requirements are met.
2. A qualified convention or trade show activity includes any activity designed to attract persons to an industry show for the purpose of displaying industry products; to stimulate interest in and demand for industry products or services; or to educate persons engaged in the industry in the development of new products and services or new matters affecting the industry when the event is sponsored by a qualifying organization.
3. A qualifying organization is one described in IRC 501(c)(5) or 501(c)(6) that regularly conducts as one of its substantial exempt purposes a show that stimulates interest in, and demand for, the products and services of the particular industry.
4. If a convention or trade show activity is not unrelated trade or business by reason of IRC 513(d), it is also an exempt activity of the particular IRC 501(c)(5) or (c)(6) organization.

5. The provisions dealing with qualified convention and trade show activities are applicable to taxable years beginning after October 4, 1976.
6. Because of IRC 513(d), the holdings of certain revenue rulings that the rental of display space constitutes unrelated trade or business are no longer correct. Therefore, Rev. Ruls. 75-517, 75-518, 75-519, and 75-520, 1975-2 C.B. 221-226, have been revoked for taxable years beginning after October 4, 1976, by Rev. Rul. 85-123, 1985-2 C.B. 168. Rev. Rul. 67-219, 1967-2 C.B. 210, and Rev. Rul. 75-516, 1975-2 C.B. 220, are not inconsistent with IRC 513(d), but they imply that had there been selling at the shows, unrelated business income could have resulted. Because this implication is no longer correct, those revenue rulings have been made obsolete by Rev. Rul. 85-123, effective for taxable years beginning after October 4, 1976.
7. For further discussion, see IRM 7.27.5 (concerning the unrelated business income tax).

#### **7.25.6.9.1 (10-19-1998)**

##### **Selling Marts**

1. If an organization's sole purpose or activity is to conduct a sales facility for its members or the suppliers of its members, it is not entitled to exemption. In Rev. Rul. 58-224, 1958-1 C.B. 242, an organization's sole activity is to conduct an annual trade show only for the purpose of bringing buyers and sellers together. The show is not held in conjunction with a convention or annual meeting. The organization is not exempt under IRC 501(c)(6). IRC 513(d), described in IRM 7.25.6.9, does not affect the holding in Rev. Rul. 58-224..

#### **7.25.6.10 (10-19-1998)**

##### **Political and Legislative Activities**

1. An IRC 501(c)(6) organization may permissibly engage in any amount of legislative activity germane to the common business interests of the organization's members. See Rev. Rul. 61-177, 1961-2 C.B. 117.

#### **7.25.6.10.1 (10-19-1998)**

##### **Dues and Assessments Used for Political and Certain Legislative Activities**

1. IRC 162(e)(2) provides that in the case of a business taxpayer no deduction is allowed for expenditures for participation or intervention in a political campaign on behalf of any candidate for public office, or in connection with any attempt to influence the general public or segments thereof with respect to legislative matters (otherwise known as "grassroots" lobbying), elections, or referendums. Also, deductions are not allowable for expenses in connection with direct attempts to influence legislation that is not of a direct business interest to the taxpayer. If a substantial part of the activities of a trade association, labor union, or similar organization consists of one or more of the above activities, a deduction is allowed only for that portion of a member's dues to the organization that the taxpayer can clearly establish is attributable to other activities. See Reg. 1.162-20(c)(3).
2. Members may deduct dues to an organization that are attributable to expenses for appearances before, submission of statements to, or sending communications to members of legislative bodies with respect to legislation or proposed legislation of direct interest to the member, and communications of information between the member and the organization with respect to their proposing, supporting, or opposing legislation of direct interest to either the organization or a member. See Reg. 1.162-20(c)(2)(i) and (c)(3).
3. Since there is a prohibition on the deductibility of dues used for "grassroots" lobbying, the activities that constitute "grassroots" lobbying must be determined. For example, media ads must be analyzed to determine whether they were produced in connection with any attempt to influence the general public, or segments thereof, with respect to legislative matters, elections, or referendums. This determination can be difficult at times, since the regulations under Reg. 1.162-20(a)(2) make clear that expenses for institutional or "good will" advertising are generally deductible. "Good will" advertising, for example, includes ordinarily allowable expenses incurred to bring the organization's name before the public. Similarly, institutional advertising expenses, such as those incurred for the purpose of presenting views on economic,

financial, social, or other subjects of a general nature that do not directly or indirectly propose, support, or oppose legislation are also ordinarily deductible. The problem is determining whether the advertising is entirely of a general nature or an attempt through words, phrases, pictures, etc. to develop a "grassroots" point of view regarding the promotion or defeat of legislation or a referendum. The line in some cases is very fine.

4. Rev. Ruls. 78-111, 112, 113, and 114, 1978-1 C.B. 41-44 discuss grassroots lobbying and analyze examples of non-deductible grassroots lobbying expenditures. While only Rev. Ruls. 78-113 and 114 deal specifically with IRC 501(c)(6) organizations, the analysis in all four revenue rulings is applicable to the determination of whether a particular activity is grassroots lobbying.
  - A. Rev. Rul. 78-111 concludes that a corporation engaged in grassroots lobbying when it distributed to its shareholders its president's testimony against an environmental bill. The testimony emphasized the cost to the corporation and recommended defeat of the bill. Although the communication did not ask the shareholders to contact their legislators it was a clear attempt to influence the opinion of the shareholders (members of the public) and therefore constituted grassroots lobbying.
  - B. Rev. Rul. 78-112 concludes that a corporation engaged in grassroots lobbying when it placed advertisements in newspapers and magazines urging the rejection of a certain land use bill that would hamper the corporation's land development business. Although these advertisements did not ask the readers to contact their representatives, they were clear attempts to influence the public on proposed legislation and therefore constituted grassroots lobbying.
  - C. Rev. Rul. 78-113 concludes that a tax-exempt trade association engaged in grassroots lobbying when it urged its members to ask their employees and customers to support the repeal of certain legislation. Communications between the trade association and its members about legislation are legitimate business activities the expenses for which are deductible. However, communications to the public (employees and customers in this case) through the membership are grassroots lobbying the expenses for which are not deductible under IRC 162(e)(1).
  - D. Rev. Rul. 78-114 concludes that a tax-exempt trade association engaged in grassroots lobbying when it urged both its members and its prospective members to contact their Congressmen in support of certain legislation favorable to the association. The trade association's communication with its members about the legislation is a legitimate business activity the expenses for which are deductible; but, the communication to the prospective members is a communication with the public and is therefore grassroots lobbying the expenses for which are not deductible under IRC 162(e)(1).
5. The examination of any IRC 501(c)(6) organization should include a thorough review of the organization's legislative and political activities.

#### **7.25.6.10.2 (10-19-1998)**

##### **Effect of IRC 527(f) on Political Expenditures**

1. IRC 527(f) imposes a tax on any direct political expenditures of an organization exempt under IRC 501(c)(6). IRC 527(f)(3) permits an exempt IRC 501(c) organization to spin its political activities off into a separate segregated fund which would then be subject to IRC 527. If an organization is primarily engaged in political activities, it is not described in IRC 501(c)(6). For further discussion, see IRM 7.27.11 (concerning political organizations).

#### **7.25.6.11 (10-19-1998)**

##### **Classification Problems**



1. Because of the broad language of some of the paragraphs under IRC 501(c), there are situations where a certain amount of overlap occurs, thus creating a question whether an organization should be classified under IRC 501(c)(6) or under some other paragraph.

#### **7.25.6.11.1 (10-19-1998)**

##### **IRC 501(c)(6) v. IRC 501(c)(3)**

1. A professional society may also qualify for exemption under IRC 501(c)(3) if its purpose is to advance the profession by engaging in exclusively educational or scientific activities.
2. An organization may not be classified under IRC 501(c)(3) if it has substantial noncharitable and noneducational purposes and activities, regardless of the number or importance of truly charitable or educational purposes it may otherwise have. See Rev. Rul. 71-504, 1971-2 C.B. 231 and Rev. Rul. 71-505, 1971-2 C.B. 232.
3. Rev. Rul. 71-506, 1971-2 C.B. 233, describes a professional society that does qualify under IRC 501(c)(3).

#### **7.25.6.12 ((10-19-980)**

##### **Digests of Published Rulings**

1. *Advertising; industry-wide campaign*—An organization formed to promote the business of a particular industry and that carries out its purposes primarily by conducting a general advertising campaign to encourage the use of products and services of the industry as a whole is entitled to exemption as a business league under IRC 501(c)(6), notwithstanding the fact that such advertising to a minor extent constitutes the performance of particular services for its members. *Rev. Rul. 55-444, 1955-2 C.B. 258.*
2. *Regulation of sale of commodity*—A nonprofit organization formed to regulate the sale of a specified agricultural commodity to assure equal treatment of producers, warehousemen, and buyers is exempt as a board of trade under IRC 501(c)(6). *Rev. Rul. 55-715, 1955-2 C.B. 263.*
3. *Advertising products of members*—A local organization whose principal activity consists of furnishing information to and advertising the products of its members engaged in the building construction business is performing particular services and is not exempt as a business league under IRC 501(c)(6). Clarified by Rev. Rul. 65-164, 1965-1 C.B. 238. *Rev. Rul. 56-65, 1956-1 C.B. 199.*
4. *Advertising; members' publication*—An organization operated primarily for the purpose of promoting, selling, and handling national advertising in its members' publications is engaged in the performance of particular services for individual members as distinguished from activities for improvement of business conditions of its members as a whole. It is not entitled to exemption as a business league under IRC 501(c)(6). *Rev. Rul. 56-84, 1956-1 C.B. 201.*
5. *Insurance activity*—The handling of an insurance program for a municipal board of education and the receipt of brokerage commissions, which are required to be deposited in a special fund for public purposes, does not affect the status of an insurance board exempt under IRC 501(c)(6). Furthermore, the activity is not considered to be unrelated trade or business within the meaning of IRC 513. *Rev. Rul. 56-152, 1956-1 C.B. 56.*
6. *Writers' association*—An organization that publishes the works of its members in anthologies and that arranges for programs on radio and television based on such works is not exempt as a business league under IRC 501(c)(6). *Rev. Rul. 57-453, 1957-2 C.B. 310.*
7. *Trade show*—An organization that operates a trade show as its sole or principal activity primarily for the purpose of rendering particular services to individual persons is not entitled to exemption as a business league under IRC 501(c)(6). Distinguished in Rev. Rul. 67-219, 1967-2 C.B. 210. *Rev. Rul. 58-224, 1958-1 C.B. 242.*

8. *Promotion and sale of particular products*—An organization formed to promote the business interests of those involved in the manufacture and sale of a particular patented product, whose membership is limited to those engaged in the manufacture and sale of the product, and which owns the controlling interests in the corporation that holds the basic patents in the product, does not qualify for exemption as a business league under IRC 501(c)(6). It is engaged in furthering the business interests of the dealers of a particular product as distinguished from improving business conditions generally. *Rev. Rul. 58-294, 1958-1 C.B. 244.*
9. *Athletic Association*—An association exempt under IRC 501(c)(6), formed to promote and conserve the best interests and true spirit of a game, is not subject to the unrelated business income tax imposed by IRC 511 on income derived from the operation of championship tournaments, the grant of radio and television broadcasting rights, and the sale of publications relating to the rules of the game. Clarified by *Rev. Rul. 80-294, 1980-2 C.B. 187. Rev. Rul. 58-502, 1958-2 C.B. 271.*
10. *Multiple listing system*—A real-estate board whose primary purpose or activity is the operation of a multiple listing system is considered to be rendering particular services for its members and is not exempt under IRC 501(c)(6). *Rev. Rul. 59-234, 1959-2 C.B. 149.*
11. *Exchange of business information*—An organization that restricts its membership to individuals, firms, associations, and corporations, each representing a different trade, business, occupation, or profession, and which is organized for the purpose of exchanging information on business prospects, is not entitled to exemption as a business league under IRC 501(c)(6). Its members have no common business interest other than a desire to increase their individual sales. Distinguished by *Rev. Rul. 70-641, 1970-2 C.B. 119. Rev. Rul. 59-391, 1959-2 C.B. 151.*
12. *Employment of members*—A nurses' association that maintains an employment register primarily for the employment of members is not entitled to exemption as a charitable organization under IRC 501(c)(3); neither is it entitled to exemption as a business league under IRC 501(c)(6) since its primary purpose is the operation of a regular business of a kind ordinarily carried on for profit and it is engaged in rendering particular services for individual persons rather than promoting the general business conditions of the nursing profession. *Rev. Rul. 55-656, 1955-2 C.B. 262, distinguished. Rev. Rul. 61-170, 1961-2 C.B. 112.*
13. *Legislative activities; sole function*—A corporation organized and operated primarily for the purpose of promoting a common business interest and bettering the business conditions of one or more lines of business, which otherwise meets the tests for exemption under IRC 501(c)(6), is exempt as a business league even though its principal activity is the advocacy of legislation germane to such common business interest. *Rev. Rul. 54-442, 1954-2 C.B. 131, modified. Rev. Rul. 61-177, 1961-2 C.B. 117.*
14. *Parking stamp plan*—An organization whose primary activity is the operation of a parking stamp plan whereby the patrons of the organization's members are accorded automobile parking privileges while shopping at members' stores, is not entitled to exemption as an organization described in IRC 501(c)(6). Its activities constitute the performance of particular services for its particular members rather than rendering services for the improvement of business generally. *Rev. Rul. 64-108, 1964-1 (Part 1) C.B. 189.*
15. *Advertising; shopping center*—An association of merchants whose businesses constitute a shopping center expends its funds and engages exclusively in advertising in various newspapers and on television and radio in order to attract customers to the shopping center. This advertising contains the names of member merchants and their merchandise. The organization is not entitled to exemption under IRC 501(c)(6) since such advertising activity constitutes the performance of particular services for members rather than an activity directed towards the improvement of business conditions generally. *Rev. Rul. 64-315, 1964-2 C.B. 147.*
16. *Advertising; listing of individual members*—An organization formed to promote the tourist industry in its area, whose principal activity is publishing a tourist guidebook and other advertising matter containing listings of the names of individual members, is performing particular services for its members and is not exempt under IRC 501(c)(6). *Rev. Rul. 65-14, 1965-1 C.B. 236.*

17. *Union negotiations*—A corporation whose membership is made up of individuals, partnerships, firms, and corporations engaged in a particular industry was organized for the purpose, among others, of assisting in the making of trade agreements concerning employment of labor by its members; conducting collective bargaining with employees and labor groups for its members; promoting settlement of labor disputes; and preventing strikes and lockouts. Its activities consist solely of negotiating collective bargaining contracts, interpreting contracts, and adjusting labor disputes. It qualifies for exemption as a business league under IRC 501(c)(6). Rev. Rul. 56–65, 1956–1 C.B. 199, clarified. *Rev. Rul. 65–164, 1965–1 C.B. 238.*
18. *Trading stamp plan; benefit of particular stores*—An organization that operates a trading stamp plan, whereby the patrons of the organization’s members are given trading stamps redeemable for merchandise at local stores, is not entitled to exemption under IRC 501(c)(6). *Rev. Rul. 65–244, 1965–2 C.B. 167.*
19. *Health and welfare plans; management*—The management of health and welfare plans for a fee by an exempt business league is unrelated trade or business within the meaning of IRC 513. *Rev. Rul. 66–151, 1966–1 C.B. 152.*
20. *Rabies clinic*—The operation of an annual rabies clinic by an association of veterinarians will not preclude exemption of the association under IRC 501(c)(6) where the members donate their services and supplies, and reduced fees are charged to the public. *Rev. Rul. 66–222, 1966–2 C.B. 223.*
21. *Bid registry*—The operation of a bid registry open to all individuals or firms in a particular trade or industry and established and operated as a means of encouraging fair bidding practices within the industry is an appropriate activity for an association described in IRC 501(c)(6). *Rev. Rul. 66–223, 1966–2 C.B. 224.*
22. *Fraudulent insurance claims; investigation and prosecution*—An organization qualifies for exemption under IRC 501(c)(6) where it is created for the purpose of investigating and prosecuting criminal, fraudulent, and unethical conduct on the part of lawyers, doctors, and laymen in casualty claims against insurance companies. *Rev. Rul. 66–260, 1966–2 C.B. 225.*
23. *Promotion of particular retail trade*—An organization formed to promote the interests of a particular retail trade that advises its members in the operation of their separate businesses and sells them supplies and equipment is not exempt under IRC 501(c)(6). *Rev. Rul. 66–338, 1966–2 C.B. 226.*
24. *Employment taxes; collection and payment*—An organization established by a collective bargaining agreement between an association of manufacturers and a labor union to collect federal and state employment taxes from union member employee wages, and pay over collected amounts to the appropriate tax authorities, does not qualify for exemption under IRC 501(c)(4), 501(c)(5), 501(c)(6), or 501(c)(9). *Rev. Rul. 66–354, 1966–2 C.B. 207.*
25. *Advertising for automobile dealer-members*—An organization of dealers in a certain make of automobile in a designated area is organized and operated for the primary purpose of financing general advertising campaigns to promote the sale of that make of automobile. The organization is performing particular services for its members instead of the automotive industry as a whole and is not entitled to exemption as a business league under IRC 501(c)(6). *Rev. Rul. 67–77, 1967–1 C.B. 138.*
26. *Subsidizing a lawsuit; prevention of air pollution*—Subsidizing the prosecution of a lawsuit for an injunction to prevent air pollution of a region did not cause an organization of growers and processors of agricultural products to lose its exemption under IRC 501(c)(6). *Rev. Rul. 67–175, 1967–1 C.B. 139.*
27. *Loans, insurance, and other specific services to members*—An organization formed to provide specific services to members of a given profession in the form of loans, insurance, etc., on matters relating to their practices is performing particular services and is not exempt under IRC 501(c)(6). *Rev. Rul. 67–176, 1967–1 C.B. 140.*
28. *Library containing specialized information*—An organization whose only activity is providing a reference library of "electric logs," maps, and information services used solely by its members in their oil exploration

business is not exempt under IRC 501(c)(6) because it is performing particular services for its members. *Rev. Rul. 67-182, 1967-1 C.B. 141.*

29. *Welfare services and financial aid to members*—A business league that extends financial aid and welfare services to its members is not exempt under IRC 501(c)(6) since part of its net earnings inures to the benefit of private individuals. *Rev. Rul. 67-251, 1967-2 C.B. 196.*
30. *Distributors of agricultural products*—A nonprofit organization whose members are packers, processors, and distributors of agricultural products may be exempt under IRC 501(c)(6) rather than IRC 501(c)(5). *Rev. Rul. 67-252, 1967-2 C.B. 195.*
31. *Promoting the cooperative method of doing business*—An association of nonprofit consumer cooperatives that promotes the cooperative method of doing business may qualify for exemption under IRC 501(c)(6). *Rev. Rul. 67-264, 1967-2 C.B. 196.*
32. *Luncheon meetings to discuss industry problems*—An organization composed of businessmen may qualify for exemption under IRC 501(c)(6) where its activities are limited to holding luncheon meetings devoted to discussion, review, and consideration of the various problems in a particular industry, and are directed to the improvement of business conditions as a whole. *Rev. Rul. 67-295, 1967-2 C.B. 197.*
33. *Unrelated income; tuition fees for training classes*—Income from classes conducted by a professional association, exempt under IRC 501(c)(6), in order to qualify persons for a specific status within the particular profession does not constitute income from unrelated trade or business subject to the tax imposed by IRC 511. *Rev. Rul. 67-296, 1967-2 C.B. 212.*
34. *Common business interests; wives of members*—The wives of members of a business league exempt under IRC 501(c)(6), who form an organization to help advance their husbands' profession, have a common business interest for purposes of IRC 501(c)(6). The organization may qualify for exemption under that section. *Rev. Rul. 67-343, 1967-2 C.B. 198.*
35. *Advertising for members; brand name products*—An organization of packaging manufacturers that promotes the product of the industry as a whole, but that incidentally includes references in its industry advertising to the brand name products of nonmembers sold in its packaging material, may be exempt under IRC 501(c)(6). *Rev. Rul. 67-344, 1967-2 C.B. 199.*
36. *Rate recommendations and publication of prevailing rates*—An organization formed to make recommendations with respect to the establishment, revision, and change of rates, tariffs, rules, regulations, and practices for its members who are regulated by the Interstate Commerce Commission, and to publish the prevailing rates, may be exempt under IRC 501(c)(6). *Rev. Rul. 67-393, 1967-2 C.B. 200.*
37. *Loan regulation*—An organization was formed in response to regulations issued by a state department of banking to promote proper control of consumer lending. It maintains a file of all open loans made by its member small loan companies and furnishes this information to its members in order to prevent a borrower from obtaining simultaneous small loans in excess of a specified sum. The organization may qualify for exemption under IRC 501(c)(6). *Rev. Rul. 67-394, 1967-2 C.B. 201.*
38. *Promoting single brand or product*—The Service will not follow Pepsi-Cola Bottlers' Association, Inc., which held that an association whose members are engaged in the bottling and sale of a single franchised soft-drink product qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 68-182, 1968-1 C.B. 263.*
39. *Traffic bureau*—A nonprofit organization is not exempt under IRC 501(c)(6) if, as its primary activity, it operates a traffic bureau for members and nonmembers as a service in the shipment of their goods and products. The service includes quotation of freight rates, rules, and practices; investigations of loss, damage, and overcharge claims; handling of rate cases for individual members before regulatory bodies; investigation of complaints on transportation services; and furnishing of information on transportation laws. *Rev. Rul. 68-264, 1968-1 C.B. 264.*

40. *Credit service*—A nonprofit organization that operates a credit information service as its primary activity is not exempt under IRC 501(c)(6). *Rev. Rul. 68-265, 1968-1 C.B. 265.*
41. *Unrelated business; coupon redemption service*—An exempt retail food merchants' association that regularly carries on as a minor portion of its activities a coupon redemption service for its members is engaged in unrelated trade or business. *Rev. Rul. 68-267, 1968-1 C.B. 284.*
42. *Forms used by association and members*—An exempt business league provides forms to its members upon which they enter data for the association's use in compiling statistics on business conditions in the industry. The forms have only incidental value to the members in analyzing their own operations. Exemption is not affected. *Rev. Rul. 68-657, 1968-2 C.B. 218.*
43. *Research; available to members only*—A manufacturers' organization that conducts research in projects of common interest to its industry and makes the results available only to its members rather than to the industry as a whole does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 69-106, 1969-1 C.B. 153.*
44. *Advertising; verifying and reporting advertising claims*—A nonprofit organization composed of advertising agencies, which verifies the claimed circulation figures of publications that sell advertising and makes reports available to members of the advertising industry generally, qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 69-387, 1969-2 C.B. 124.*
45. *Research; new products and processes*—An organization formed by members of a particular industry that contracts with various research organizations to develop new and improved uses for existing products of the industry is not exempt under IRC 501(c)(3) but may be exempt under IRC 501(c)(6). *Rev. Rul. 69-632, 1969-2 C.B. 120.*
46. *Rewards for information*—An organization formed to improve the business conditions of financial institutions by offering rewards for information leading to the arrest and conviction of individuals committing crimes against its members qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 69-634, 1969-2 C.B. 124.*
47. *Trust; an association*—A nonprofit trust created by an agreement between a labor union and a business league is considered "an association of persons having some common business interest" and may be exempt under IRC 501(c)(6). *Rev. Rul. 70-31, 1970-1 C.B. 130.*
48. *Trademark*—A trade association of manufacturers whose principal activity is the promotion of its members' products under the association's registered trademark does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 70-80, 1970-1 C.B. 130.*
49. *Industrial park*—The exempt status of a chamber of commerce under IRC 501(c)(6) is not adversely affected by the development of an industrial park in order to attract new industry to the community. Amplified by *Rev. Rul. 81-138, 1981-1 C.B. 358. Rev. Rul. 70-81, 1970-1 C.B. 131.*
50. *Testing and certifying products*—An organization formed by manufacturers of a particular product to conduct a program of testing and certification of the product to establish acceptable standards within the industry as a whole qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 70-187, 1970-1 C.B. 131.*
51. *Luncheon and bar facilities*—An organization of business and professional persons of a community providing luncheon and bar facilities for its members, but having no specific program directed to the improvement of business conditions, does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 70-244, 1970-1 C.B. 132.*
52. *Credit card plan*—A nonprofit organization of commercial banks formed to provide and promote a credit card plan for member banks does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 70-591, 1970-2 C.B. 118.*

53. *Health association*—A nonprofit organization composed of individuals from various professions in the field of public health and welfare, organized to develop greater efficiency in the professions and solve common problems, qualifies for exemption under IRC 501(c)(6). Rev. Rul. 59–391, 1959–2 C.B. 151, distinguished. Rev. Rul. 70–641, 1970–2 C.B. 119.
54. *Insurance*—A nonprofit association composed of a group of insurance companies, whose purpose is to provide for equitable distribution of high-risk insurance policies among all of its members, qualifies for exemption under IRC 501(c)(6). Distinguished by Rev. Ruls. 81–174 and 81–175, 1981–1 C.B. 335 and 337. Rev. Rul. 71–155, 1971–1 C.B. 152.
55. *Answering service*—A nonprofit organization that has as its principal activity the operation of a telephone-answering service for member doctors is not exempt under IRC 501(c)(6). Rev. Rul. 71–175, 1971–1 C.B. 153.
56. *Medical society*—A city medical society exempt under IRC 501(c)(6) that primarily directs its activities to the promotion of the common business purposes of its members may not be reclassified as an educational or charitable organization under IRC 501(c)(3). Rev. Rul. 71–504, 1971–2 C.B. 231.
57. *Bar association*—A city bar association exempt under IRC 501(c)(6) that primarily directs its activities to the promotion and protection of the practice of law may not be reclassified as an educational or charitable organization under IRC 501(c)(3). Rev. Rul. 71–505, 1971–2 C.B. 232.
58. *Engineering society*—An engineering society formed to engage in scientific research in the areas of heating, ventilating, and air conditioning for the benefit of the general public qualifies for exemption under IRC 501(c)(3). Rev. Ruls. 71–504 and 71–505, 1971–2 C.B. 231 and 232, distinguished. Rev. Rul. 71–506, 1971–2 C.B. 233.
59. *Plan room and news bulletin*—An organization formed to promote the interest of its members and persons or firms related to the building and construction industry by providing a plan room and news bulletins available for the entire industry qualifies for exemption. Rev. Rul. 56–65, 1956–1 C.B. 199, clarified. Rev. Rul. 72–211, 1972–1 C.B. 150.
60. *Shopping center merchants' association*—A shopping center merchants' association whose membership is restricted to and required of the tenants of a one-owner shopping center and their common lessor, and whose activities are directed to promoting the general business interests of its members, does not qualify as a business league or chamber of commerce under IRC 501(c)(6). Rev. Rul. 64–315, 1964–2 C.B. 147, clarified. Rev. Rul. 73–411, 1973–2 C.B. 180.
61. *Insurance claimants guaranty organization*—An organization created under state statute to pay claims against insolvent fire and casualty insurance companies qualifies for exemption as a business league under IRC 501(c)(6) where membership in the organization is required of all insurance companies writing fire and casualty insurance in the state and its income is derived from membership assessments and claims against the assets of the insolvent companies. Rev. Rul. 73–452, 1973–2 C.B. 183.
62. *Medical specialty board*—A medical specialty board that devises and administers written examinations to physicians in a particular medical specialty and issues certificates to successful candidates is exempt as a business league under IRC 501(c)(6). Rev. Rul. 73–567, 1973–2 C.B. 178.
63. *Workmen's compensation insurance for members*—A nonprofit organization formed to promote the business welfare and interests of persons engaged in the contracting trade and related industries and whose principal activity is to provide its members with group workmen's compensation insurance is not exempt under IRC 501(c)(6). Rev. Rul. 74–81, 1974–1 C.B. 135.
64. *Users of digital computers*—A nonprofit organization, whose members represent diversified businesses that own, rent, or lease digital computers produced by various manufacturers, organized to improve the

efficiency of its members' use of computers, qualifies for exemption under IRC 501(c)(6). Distinguished by Rev. Rul. 83-164, 1983-2 C.B. 95. *Rev. Rul. 74-147, 1974-1 C.B. 136.*

65. *Travel agents; service for members*—A nonprofit organization, formed by carriers engaged in regular transoceanic passenger service, whose primary activity consists of appointing travel agents to book passenger travel on its members' ships is performing particular services for its members and does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 74-228, 1974-1 C.B. 136.*
66. *Tow truck dispatching service*—A nonprofit organization whose principal activity is providing a telephone answering service to distribute calls for towing service on a rotational basis to its members who are tow truck owners and operators does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 74-308, 1974-2 C.B. 168.*
67. *Medical peer review board*—A nonprofit organization formed by members of a state medical association to operate peer review boards for the primary purpose of establishing and maintaining standards for quality, quantity, and reasonableness of costs of medical association and insurance carriers, qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 74-553, 1974-2 C.B. 168.*
68. *Credit union assistance*—A nonprofit organization formed to maintain the good will and reputation of credit unions in a particular state by making interest free loans to credit unions in financial difficulty, with no restrictions placed upon the use of the funds, does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 76-38, 1976-1 C.B. 157.*
69. *Attracting national conventions*—A nonprofit organization, formed by a city's civic leaders, public officials, businessmen, and representatives of the community-at-large, to encourage conventions of national organizations in the city by making arrangements for facilities, services, and administrative support necessary to run a convention, qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 76-207, 1976-1 C.B. 158.*
70. *Organization of business and professional women*—A nonprofit organization formed as a membership organization of business and professional women that promotes the acceptance of women in business and the professions qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 76-400, 1976-2 C.B. 153.*
71. *Directory of members published; franchises granted*—A nonprofit organization of individuals in the business of furnishing finance adjusting services, which assigns exclusive franchise areas to its members and publishes and distributes to their potential customers a directory containing members' names and addresses, is performing particular services for its members and does not qualify for exemption under IRC 501(c)(6). *Rev. Rul. 76-409, 1976-2 C.B. 154.*
72. *Insurance companies; no-fault protection*—A nonprofit organization composed of insurance companies operating within a state and created under the state's no-fault insurance statute to provide personal injury protection benefits for residents of the state who sustain injury in situations where the injuring party is unknown or has very limited or no liability coverage qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 76-410, 1976-2 C.B. 155.*
73. *Members are students of a particular profession*—An organization composed of persons studying for a degree in a particular profession may be an association of persons having a common business interest and qualify as a business league exempt under IRC 501(c)(6). *Rev. Rul. 77-112, 1977-1 C.B. 149.*
74. *Trade show; rebate of floor deposit*—Cash rebates made by an exempt business association to member and nonmember-exhibitors who participate in the association's annual industry trade show that represent a portion of an advance floor deposit paid by each exhibitor to insure the show against financial loss, which are made to all exhibitors on the same basis and may not exceed the amount of the deposit, do not adversely affect the association's exempt status under IRC 501(c)(6). *Rev. Rul. 77-206, 1977-1 C.B. 149.*

75. *Board of trade; laboratory profits*—A board of trade that as its principal activity provides grain analysis laboratory services to members and nonmembers at the same charges, and that is supported almost entirely from the substantial profits of the laboratory, is not exempt under IRC 501(c)(6). *Rev. Rul. 78-70, 1978-1 C.B. 159.*
76. *Expenses incurred to influence legislation through stockholders*—No deduction is allowable under IRC 162(a) for expenses incurred by a corporation in printing and distributing to its shareholders its president's remarks given before a state legislature concerning the corporation's opposition to certain proposed legislation. *Rev. Rul. 74-407, 1974-2 C.B. 45, amplified. Rev. Rul. 78-111, 1978-1 C.B. 41.*
77. *Expenses incurred to influence legislation; newspaper and magazine advertising*—No deduction is allowable under IRC 162(a) for expenses incurred by a corporation in preparing and placing advertisements in major state newspapers and regional magazines setting forth objections to proposed legislation of direct interest to the corporation. *Rev. Rul. 78-112, 1978-1 C.B. 42.*
78. *"Grassroots" lobbying; employees and customers of trade association members*—A trade association exempt under IRC 501(c)(6) that urges its members to contact their employees and customers to have them communicate with certain elected state representatives to support repeal of legislation considered detrimental to the association is engaging in "grassroots" lobbying within the scope of IRC 162(e)(2)(B). *Rev. Rul. 78-113, 1978-1 C.B. 43.*
79. *"Grassroots" lobbying; communication to members and prospective members*—A trade association exempt under IRC 501(c)(6) that contacts members to urge them to write or call their Congressmen to recommend support of legislation of direct interest to the association is not engaging in "grassroots" lobbying within the scope of IRC 162(e) (2) (B). Such communication to prospective members, however, does constitute "grassroots" lobbying. *Rev. Rul. 78-114, 1978-1 C.B. 44.*
80. *Park and shop*—The operation of a fringe parking lot and shuttle bus service by an organization exempt under IRC 501(c)(6), whose primary purpose is to retain and stimulate trade in a city's downtown area, is not unrelated trade or business. But a park and shop plan in which patrons of particular member merchants receive stamps entitling them to free parking is unrelated trade or business within IRC 513. *Rev. Rul. 79-31, 1979-1 C.B. 206.*
81. *Lawyer referral service*—An organization maintaining a nonprofit lawyer referral service aimed at improving the image and functioning of the legal profession qualifies for exemption under IRC 501(c)(6). *Rev. Rul. 80-287, 1980-2 C.B. 185.*
82. *Language translation service*—A language translation service provided by a trade association exempt under IRC 501(c)(6) that promotes and develops trade relations between business entities located in the U.S. and the government of a foreign country is unrelated trade or business within the meaning of IRC 513. *Rev. Rul. 81-75, 1981-1 C.B. 356.*
83. *Broadcasting rights; professional tournaments*—The status of an organization exempt under IRC 501(c)(6), created to promote interest in, elevate the standards of, and conduct tournaments in, a certain professional sport will not be adversely affected merely because its primary support is derived from the sale of television broadcasting rights to the tournaments it conducts. *Rev. Rul. 58-502, 1958-2 C.B. 271, clarified by Rev. Rul. 80-294, 1980-2 C.B. 187.*
84. *Chamber of commerce; certification of export documents*—The certification of export documents by a chamber of commerce exempt under IRC 501(c)(6) is not unrelated trade or business. *Rev. Rul. 81-127, 1981-1 C.B. 357.*
85. *Unrelated income; debt-financed property; rental income related to exempt purpose*—An exempt organization that was created by a chamber of commerce to encourage business development in a particular area obtained a mortgage to help finance the construction of a building that is leased to an industrial tenant



at less than the fair rental value. The leasing of the property is substantially related to the organization's exempt purpose, and the property is not debt-financed property. Rev. Rul. 70-81, 1970-1 C.B. 131, amplified by *Rev. Rul. 81-138, 1981-1 C.B. 358*.

86. *Business leagues; insurance companies; medical malpractice insurance*—A nonprofit association of insurance companies that provides medical malpractice insurance to health care providers is not exempt as a business league under IRC 501(c)(6). Rev. Rul. 71-155, 1971-1 C.B. 152, distinguished by *Rev. Rul. 81-174, 1981-1 C.B. 335*.
87. *Business leagues; insurance companies; automobile insurance*—A nonprofit association of insurance companies that accepts for reinsurance high-risk customers who would ordinarily be turned down by member companies is not exempt as a business league under IRC 501(c)(6). Rev. Rul. 71-155, 1971-1 C.B. 152, distinguished. *Rev. Rul. 81-175, 1981-1 C.B. 337*.
88. *Annual dues; membership in trade association; loan fund*—A member of a trade association exempt under IRC 501(c)(6) may deduct under IRC 162(a) the increased dues charged to all members of the association by the association when the increased charges are allocated to a special loan fund to be used for the benefit of the association's members. *Rev. Rul. 82-15, 1982-1 C.B. 29*.
89. *Business leagues; trust created by several business leagues*—A trust, which was created pursuant to collective bargaining agreements between a labor union and several business leagues for the purposes of monitoring and coordinating business league activities of its member business leagues and collecting, administering, and disbursing funds to the member business leagues for business league purposes, is exempt as a business league under IRC 501(c)(6). *Rev. Rul. 82-138, 1982-2 C.B. 106*.
90. *Unrelated trade or business; commercial advertising; legal notices*—The publication of ordinary commercial advertising for products and services used by the legal profession in a bar association's journal is unrelated trade or business under IRC 513. However, the publication of legal notices is not unrelated trade or business under IRC 513. *Rev. Rul. 82-139, 1982-2 C.B. 108*.
91. *Business leagues; computer users*—An organization whose members represent diversified businesses that own, rent, or lease computers produced by a single computer manufacturer does not qualify for exemption as a business league under IRC 501(c)(6). Rev. Rul. 74-147, 1974-1 C.B. 136, distinguished by *Rev. Rul. 83-164, 1983-2 C.B. 95*.
92. *Credit unions; organization insuring deposits in state-chartered credit unions*—An organization created after August 31, 1957, for the purpose of insuring individuals' deposits in state-chartered credit unions does not qualify for exemption under either IRC 501(c)(6) or 501(c)(14)(B). *Rev. Rul. 83-166, 1983-2 C.B. 96*.
93. *Individual Practice Association*—An organization providing health services through written agreements with health maintenance organizations does not qualify for exemption under either IRC 501(c)(6) or 501(c)(4). *Rev. Rul. 86-98, 1986-2 C.B. 74*.

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