



## U.S. Code

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§ 501. Exemption from tax on corporations, certain trusts, etc. [Prev](#) | [Next](#)[How Current is This?](#)[SHARE](#)

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An organization described in subsection (c) or (d) or section 401 (a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502 or 503.

**(b) Tax on unrelated business income and certain other activities**

An organization exempt from taxation under subsection (a) shall be subject to tax to the extent provided in parts II, III, and VI of this subchapter, but (notwithstanding parts II, III, and VI of this subchapter) shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.

**(c) List of exempt organizations**

The following organizations are referred to in subsection (a):

- (1)** Any corporation organized under Act of Congress which is an instrumentality of the United States but only if such corporation—
  - (A)** is exempt from Federal income taxes—
    - (i)** under such Act as amended and supplemented before July 18, 1984, or
    - (ii)** under this title without regard to any provision of law which is not contained in this title and which is not contained in a revenue Act, or
  - (B)** is described in subsection (l).
- (2)** Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section. Rules similar to the rules of subparagraph (G) of paragraph (25) shall apply for purposes of this paragraph.
- (3)** Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

**(4)**

**(A)** Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

**(B)** Subparagraph (A) shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

**(5)** Labor, agricultural, or horticultural organizations.

**(6)** Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

**(7)** Clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

**(8)** Fraternal beneficiary societies, orders, or associations—

**(A)** operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and

**(B)** providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

**(9)** Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

**(10)** Domestic fraternal societies, orders, or associations, operating under the lodge system—

**(A)** the net earnings of which are devoted exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes, and

**(B)** which do not provide for the payment of life, sick, accident, or other benefits.

**(11)** Teachers' retirement fund associations of a purely local character, if—

**(A)** no part of their net earnings inures (other than through payment of retirement benefits) to the benefit of any private shareholder or individual, and

**(B)** the income consists solely of amounts received from public taxation, amounts received from assessments on the teaching salaries of members, and income in respect of investments.

**(12)**

**(A)** Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.

**(B)** In the case of a mutual or cooperative telephone company, subparagraph (A) shall be applied without taking into account any income received or accrued—

**(i)** from a nonmember telephone company for the performance of communication services which involve members of the mutual or