

A nonprofit organization that seeks to eliminate discrimination in employment may be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

Advice has been requested whether the nonprofit organization described below may qualify for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed to advance equal job opportunities in a particular community for qualified workers discriminated against because of race or creed. It studies employment conditions and opportunities in the community in order to eliminate discrimination in hiring. By conducting discussions and lectures, it brings to the attention of employers information about available skilled personnel, informs workers of means to improve their qualifications for wider job opportunities, and arranges interviews for qualified applicants with potential employers. It also works with the public schools in placing students in actual job situations to gain work experience. The organization's income is derived from contributions and grants. No fee is charged by the organization for its services.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' includes the promotion of social welfare by organizations designed to eliminate prejudice and discrimination.

Section 1.501(c)(3)-1(d)(3) of the regulations provides that the term 'educational' includes the instruction of the public on subjects useful to the individual and beneficial to the community.

This organization's activities are designed to eliminate prejudice and discrimination in the community by various means. Its lectures and forums are intended to educate potential employers in the advantages of hiring qualified workers without regard to race or creed. By locating qualified workers and arranging interviews with potential employers, it further attempts to overcome prejudice and discrimination. Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must (in order to establish exemption under section 501(c)(3) of the Code) file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.