

A nonprofit social club composed of persons who are members of a particular political party and persons interested in the affairs of such party may be exempt from Federal income tax under section 501(c)(7) of the Internal Revenue Code of 1954 even though it occasionally invites political candidates to address its members.

Advice has been requested whether a club organized and operated as described below qualifies for exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code of 1954.

The club was formed as a nonprofit organization to operate and maintain social facilities for the pleasure and recreation of its members and their guests. Its membership is restricted to persons who are members of a particular political party and those interested in the affairs of such party.

Income is from membership dues and from receipts of its bar and restaurant facilities which the club operates in furtherance of its social and recreational purposes. The income is used to operate and maintain the club and does not inure to the private benefit of any member. The club does not engage in fund raising activities for political purposes nor does it participate in political campaigns in behalf of candidates for public office.

In addition to regular social activities for members and their guests, the club occasionally invites a political candidate of the particular party to address its members at a dinner meeting.

Section 501(c)(7) of the Code provides that clubs organized and operated exclusively for pleasure, recreation, and other non-profitable purposes are exempt from Federal income tax provided no part of the net earnings inures to the benefit of any private individual.

A club otherwise entitled to an exempt status will not be disqualified merely because its membership is restricted to persons who are members of a particular political party and those interested in such party, or because of political addresses that are insubstantial in relation to the club's exempt social purposes and activities.

Accordingly, since this club is organized and operated exclusively to provide for the pleasure and recreation of its members, it is exempt from Federal income tax under section 501(c)(7) 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)(7) of the Code) file an

application on Form 1025, 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 Income Tax Regulations.