

A nonprofit organization that publishes a newspaper primarily devoted to news, articles, and editorials relating to church and religious matters may qualify for exemption 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 qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed as a nonprofit corporation to prepare, publish, and distribute a monthly newspaper carrying regional church news of interdenominational interest. Typical news items announce meeting dates, report on such meetings, and report on the day-to-day activities of individual churches. Each issue also contains a limited number of feature articles and editorials of an inspirational character that refer to Biblical texts or otherwise attempt to stimulate the general religious interests of the reader.

The organization is not operated in an ordinary commercial manner. Subscriptions are procured through the cooperation and effort of individual churches and church-associated groups. Although the organization receives substantial income from the sale of subscriptions and advertising space, such revenue does not cover its costs of operations. It must depend upon contributions to make up the difference. No earnings inure to the benefit of any private shareholder or individual.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations that are organized and operated exclusively for charitable purposes. Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' as used in section 501(c)(3) of the Code includes the 'advancement of religion.'

By disseminating information about church activities and by publishing inspirational articles, the organization improves communication between the churches and their members and stimulates the religious interests of its readers. Therefore, the organization is accomplishing a charitable purpose by contributing to the advancement of religion. Accordingly, the organization is exempt from Federal income tax under section 501(c)(3) of the Code. (See, however, section 1.513-1 of the regulations relative to advertising income.)

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.