

An organization that informs the public on controversial subjects and attempts to influence legislation which is germane to its program may qualify for exemption under section 501(c)(4) of the Code.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code of 1954.

The organization was formed to educate the public regarding an activity or practice that is not presently legal and it seeks changes in the law to specifically legalize such activity. It circulates speeches, reprints, and pamphlet material concerning the subject and proposed legislation relating to the activity. It drafts proposed legislation and presents petitions for the purpose of having the legislation introduced. Its membership consists of individuals and other nonprofit organizations having similar objectives.

Section 501(c)(4) of the Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community.

Section 1.501(c)(4)-1(a)(2)(ii) of the regulations states that a social welfare organization may qualify under section 501(c)(4) even though it is an "action" organization described in paragraph (c)(3)(ii) of (iv) of 1.501(c)(3)-1 if it otherwise qualifies under the section. Section 1.501(c)(3)-1(c)(3)(iv) of the regulations provides that an organization is an "action" organization if it has the following two characteristics: (a) its main or primary objective or objectives (as distinguished from its incidental or secondary objectives) may be attained only by legislation or a defeat of proposed legislation; and (b) it advocates, or campaigns for, the attainment of such main or primary objective or objectives as distinguished from engaging in nonpartisan analysis, study, or research and making the results thereof available to the public.

An organization that is organized and operated to inform the public by educational methods on a subject of public interest and concern may be exempt under section 501(c)(4) of the Code even though the subject evokes controversy and even though the organization advocates a particular viewpoint and seeks changes in law to reflect such viewpoint. The education of the public on such a subject is deemed beneficial to the community because

society benefits from an informed citizenry. The seeking of legislation germane to the organization's programs is recognized by the regulations cited above as a permissible means of attaining social welfare purposes.

Accordingly, the organization qualifies for exemption from Federal income tax as a social welfare organization under section 501(c)(4) 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)(4) of the Code) file Form 1024, 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.