

The exempt status of a business league is not affected where it distributes forms that are designed primarily for use by the members in reporting data to the league, but are also used by members as business records.

The Internal Revenue Service has been asked whether the activity described below affects the status of a business league exempt from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

The business league conducts a public relations program to promote the line of business of its members. As a part of its program, the league publishes statistics on business conditions in the industry. The statistics are based on data reported by the members. To ensure uniformity in reporting, the league developed certain forms to be used by the members in furnishing the data. The forms are also of use to the members in their businesses in that they assist in the analysis of their operations.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of nonprofit business leagues whose earnings do not inure to individuals.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having a common business purpose. The purpose of the association must be to improve business conditions in a line of business rather than to perform particular services for the individual members.

The forms in the instant case are provided primarily for the use of the league in compiling industry data. Any use of the forms by the members is merely incidental. Accordingly, the business league's exemption from Federal income tax is not affected by engaging in this activity.

This conclusion is distinguishable from the decision in the case of *Indiana Retail Hardware Association v. U.S.*, 366 F.2d 998 (1966). In that case the business league furnished supplies primarily for the use of its members in their individual businesses.