

A dog club, exempt under section 501(c)(7) of the Code, formed to promote the ownership and training of purebred dogs and conducting obedience training classes, may not be reclassified as an educational organization exempt under section 501(c)(3).

A dog club, which has been recognized as exempt from Federal income tax under section 501(c)(7) of the Internal Revenue Code of 1954, has asked whether it may be reclassified as an educational organization exempt from Federal income tax under section 501(c)(3) of the Code.

The organization was formed to promote the ownership and training of purebred dogs. It is licensed by a national kennel club, and is limited to members of the national club. Membership in the national club is limited to owners of purebred dogs registered with that club.

In furtherance of its purposes the organization provides facilities and trainers for the conduct of obedience training classes. Weekly classes are conducted under the regulations of the national club. The standard course lasts nine weeks and trains dogs in obedience. The classes are attended by members and their dogs so that the dogs will learn to respond to their owners' commands.

Beyond the obedience course, members are encouraged to continue the training of their dogs in sporting and show events. Members and their dogs participate in trial competitions with judges evaluating the performance of the dogs. The trial competitions are in preparation for an annual dog show conducted by the organization under the auspices of the national club.

Income of the organization is from dues and training fees. Expenditures are for the programs of the organization.

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)(3) of the Income Tax Regulations defines the term 'educational' as relating to (a) the instruction or training of the individual for the purpose of improving or developing his capabilities, or (b) the instruction of the public on subjects useful to the individual and beneficial to the community.

The nature of obedience training requires that the owner of the dog appear at the classes so that the dog is trained to respond to his owner's commands. While the owner receives some instruction in how to give commands to his dog, it is the dog that is the primary object of the training. The dog is also the primary object of the subsequent training in sporting and show

events. Therefore, the organization's training program for dogs is not within the meaning of educational as defined in the regulations.

Accordingly, it is held that the organization may not be reclassified as an organization exempt from Federal income tax under section 501(c)(3) of the Code. Since the organization is organized and operated primarily for the benefit, pleasure and recreation of its members it continues to qualify for exemption under section 501(c)(7) of the Code.