

Educational; computer users. An organization whose membership is limited to organizations that own, rent, or use a specific type of computer and whose activities are designed to keep members informed of current scientific and technical data of special interest to them as users of the computer is not exempt under section 501(c)(3) of the Code.

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 is a membership association devoted to developing and exchanging research data among users of a specific type of computer. The organization also serves as liaison between users and the manufacturer of the computer.

In furtherance of its objectives, the organization conducts meetings and seminars at which operational and technical problems relating to the use of this computer are discussed. Representatives of the manufacturer are invited to attend these functions to answer questions concerning the computer's operation.

The organization publishes reports of its meetings and seminars for distribution to members. It also publishes a monthly newsletter to keep members informed of current scientific and technical data of special interest to them as users of the computer. A section of the newsletter is devoted to advice and other comments from the manufacturer relating to the use of the computer.

Membership is limited to organizations that own, rent, or use this specific computer. Income is from membership dues and seminar fees. Expenditures are made primarily for instructional materials, publishing, and other operational expenses.

Section 501(c)(3) of the Code provides for exemption from Federal income tax of organizations organized and operated exclusively for educational purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for any exempt purpose set forth in section 501(c)(3) of the Code unless it serves a public rather than a private interest.

By making specialized information available to its members under the circumstances described above, the organization is serving the private interest of its members rather than a public interest. Accordingly, the organization is not exempt from Federal income tax under section 501(c)(3) of the Code.