



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224  
January 12, 2001

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The Honorable xxxxxxxx  
xxxxxxxxxxxxxxxxxxxxxxxx  
xxxxxxxxxxxxxxxxxxxxxxxx  
xxxxxxxxxxxxxxxxxxxxxxxx

Dear xxxxxxxxxxxxxxxx:

Thank you for your letter dated December 11, 2000 concerning xxxxxxxxxxxxxxx  
xxxxxxx. Your constituent, xxxxxxxxxx, asks whether that organization continues to  
qualify for tax exemption under section 501(c)(4) of the Internal Revenue Code.

To be recognized as exempt from federal tax under section 501(c)(4) of the Code, an  
organization must, among other things, operate exclusively to promote social welfare.  
An organization operates exclusively to promote social welfare if it "primarily" engages  
in promoting in some way the common good and general welfare of the people of the  
community. Promoting social welfare does not include participating in political  
campaigns either for or against any political candidate. An organization that is exempt  
under section 501(c)(4) may engage in political activity if its primary activity is to  
promote social welfare. If the organization does intervene in a political campaign, it may  
be subject to the tax imposed by section 527.

An organization whose primary activity is rating candidates for public office is not  
exempt under section 501(c)(4) in Rev. Rul. 67-368. This Rev. Rul. considers the rating  
of candidates, even on a nonpartisan basis, as participation on behalf of the candidates  
favorably rated. Because rating was the organization's primary activity, the organization  
was not operated exclusively for the promotion of social welfare. In contrast, an  
organization primarily engaged in social welfare activities may participate in campaign  
activities involving the nomination or election of public officials without adversely  
affecting its exempt status under section 501(c)(4). See Rev. Rul. 81-95.

The office of the IRS with jurisdiction over xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx is Exempt  
Organizations Examination, Programs & Review. We have forwarded your information  
to that office for appropriate action.

We appreciate xxxxxxxxxxxxxx advising us of a possible violation of the Internal  
Revenue Code by a tax-exempt organization. The Code includes taxpayer privacy

provisions, which were enacted by Congress to protect the privacy of tax returns and tax return information of all taxpayers. We cannot disclose what action, if any, the IRS has taken or may take using the information you provided.

I can tell you, however, we maintain an ongoing examination program to ensure that tax-exempt organizations continue to meet the legal requirements for tax exemption and comply with tax laws. When an examination shows an organization is not complying with the tax laws, we take appropriate action.

Please tell your constituent that, if at a later date, she has more information relevant to this matter, she can send it directly to:

EO Examination, Programs & Review  
T:EO:E:PR  
Internal Revenue Service  
1100 Commerce Street  
Dallas, TX 75242

I appreciate your bringing this matter to our attention. If you have any questions, please call Steven Grodnitzky, ID #50-18514, of this office at (202) 283-8941.

Sincerely,

/s/ by Gerald V. Sack

Steven T. Miller  
Director, Exempt Organizations