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## Understanding the 501(c) and Governmental Entity Universe

UNIVERSITY OF TEXAS CLE CONFERENCE: *Nonprofit Organizations Fundamentals*

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Caplin & Drysdale

A T T O R N E Y S

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## Overview

- ▶ This session will provide a brief overview of the various types of tax-exempt organizations
- ▶ There are 28 types of 501(c) organizations, plus other 501 organizations
  - The most common is a 501(c)(3) organization
  - Each has its own distinct tax-exempt purpose
  - Except for most organizations described in 501(c)(3), 501(c)(9), 501(c)(17) or 501(c)(29), organizations are not required to apply for recognition of tax-exempt status
- ▶ Government entities are also exempt from Federal tax
  - Some government entities may also be 501(c) organizations

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# List of 501(c) Entities

<u>Code Section</u>	<u>Organization Type</u>	<u>General Purpose/Activities</u>
501(c)(1)	Corporation organized under an Act of Congress	Instrumentality of the United States (example - Federal Credit Unions)
501(c)(2)	Title Holding Corporation for Exempt Organization	Hold title to exempt organization property
501(c)(3)	Religious, Charitable, Educational, etc.	Religious, Charitable, Educational, Scientific, Literary, Testing for Public Safety, Prevention of Cruelty to Children or Animals, or Foster National or International Sports Competition
501(c)(4)	Social Welfare, Civic Leagues, Local Associations of Employees	Promote community and social welfare
501(c)(5)	Labor, Agricultural, and Horticultural Organizations	Labor unions and improving conditions in agricultural or horticulture industries

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# List of 501(c) Entities (Continued)

<u>Code Section</u>	<u>Organization Type</u>	<u>General Purpose/Activities</u>
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards	Improve business conditions in one or more lines of business
501(c)(7)	Social and Recreational Clubs	Pleasure, recreation, or social activities for members
501(c)(8)	Fraternal Beneficiary Societies and Associations	Lodge providing payment of life, sickness, accident, or other benefits to members
501(c)(9)	Voluntary Employees' Beneficiary Associations	Provide payment of life, sickness, accident or other (non-pension) benefits to members
501(c)(10)	Domestic Fraternal Societies and Associations	Lodge devoting its net earnings to charitable, fraternal, or other specified purposes (no life, sick, or accident benefits)

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# List of 501(c) Entities (Continued)

<u>Code Section</u>	<u>Organization Type</u>	<u>General Purpose/Activities</u>
501(c)(11)	Teachers' Retirement Fund Associations	Paying retirement benefits to teachers
501(c)(12)	Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies	Providing the listed services on a mutual or cooperative basis
501(c)(13)	Cemetery Companies	Burials and incidental services
501(c)(14)	State Chartered Credit Unions, Mutual Reserve Funds	Financial services to members
501(c)(15)	Insurance companies (other than life) with less than \$350,000 net written premiums annually	Providing insurance
501(c)(16)	Cooperative organizations to finance crop operations	Financing crops in connection with an IRC 521 farmers' co-op
501(c)(17)	Supplemental Unemployment Benefits Trusts	Paying supplemental unemployment compensation
501(c)(18)	Employee Funded Pension Trust created before June 25, 1959	Paying pension benefits under a pension plan funded by employees

# List of 501(c) Entities (Continued)

<u>Code Section</u>	<u>Organization Type</u>	<u>General Purpose/Activities</u>
501(c)(19)	Post or Organization of Past or Present Members of the Armed Forces (Veterans Organizations)	Activities for veterans
501(c)(20)	Pre-Paid Group Legal Services Fund (not applicable for years beginning after 6/30/92)	Fund group legal services to employees under an IRC 120 Qualified Group Legal Services Plan
501(c)(21)	Black Lung Benefit Trusts	Funded by Coal Mine Operators to satisfy their liability for disability or death from Black Lung disease
501(c)(22)	Withdrawal Liability Payment Fund	Funds liabilities of employers that withdraw from multi-employer pension funds
501(c)(23)	Association founded before 1880 of past or present members of Armed Forces	Provide insurance and other benefits to veterans or their dependents

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