

A junior chamber of commerce operated exclusively for the promotion of social welfare is exempt from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code of 1954.

Advice has been requested whether a junior chamber of commerce organized and operated for the purpose of rendering civic services for the promotion of the welfare of the community and its citizens is exempt from taxation under the provisions of section 501(c)(4) of the Internal Revenue Code of 1954.

The instant organization was formed as a nonprofit corporation to render civic services for the promotion of the welfare of the community and its citizens by means of active participation in projects designed to improve the community, State, and Nation. It is specifically stated in the organization's certificate of incorporation that its purpose shall not be the protection, promotion, or stimulation of any business organized for profit.

The purpose of this junior chamber of commerce is to be distinguished from that of a chamber of commerce, which is organized to promote the business interest of a community and which is ordinarily exempt under section 501(c)(6) of the Code.

The various activities of the organization are designed to carry out the purposes for which it was organized, with some emphasis on youth activities. These youth activities consist, in part, of free instruction in sports and the organization of contests. Each year children from local orphanages are entertained. The organization sponsors and advises a Boy Scout troop and conducts other projects for the youth of the community.

In addition to its youth programs, the organization conducts numerous other programs for the benefit of the community at large. Prominent among these are the following projects: improvement of health and safety, conservation, city beautification, promotion of patriotism, and entertainment at hospitals and veterans homes.

The training of future community leaders is an important function of the organization. Civic leaders are invited to speak at luncheon meetings, after which group discussions take place. A speaker's training committee conducts a program designed to teach techniques of effective public speaking, and there is training in the rules of parliamentary procedure.

Section 501(c) describes certain organizations exempt from tax under section 501(a) and reads, in part, as follows:

- (4) Civil leagues or organizations not organized for profit but operated exclusively for the promotion of social

welfare * * *

Section 1.501(c)(4)-1(a)(2) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. To come within the scope of section 501(c)(4) of the Code an organization must be one which is operated primarily for the purpose of bringing about civic betterments and social improvements.

The facts show that the organization is primarily engaged in bringing about civic betterments and social improvements by its activities on behalf of youth, community benefit programs, and community leadership training. It is, therefore, promoting the common good and general welfare of the people of the community. Accordingly, the organization is exempt from Federal income tax as an organization described in section 501(c)(4) of the Code.

An organization may not consider itself exempt from Federal income tax merely because it falls within the scope of this Revenue Ruling. In order to establish exemption, it is necessary that every organization claiming exemption under section 501(c)(4) of the Code file an application on Form 1024, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal office of the organization. See section 1.501(a)-1 of the Income Tax Regulations.