



Business Leagues

Section 501(c)(6) of the Internal Revenue Code provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade and professional football leagues, which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual. An organization that otherwise qualifies for exemption under Internal Revenue Code section 501(c)(6) will not be disqualified merely because it engages in some political activity. In addition, the organization may engage in lobbying that is germane to accomplishing its exempt purpose without jeopardizing its exemption. However, if the organization engages in political and/or lobbying activities, it may need to give members notice of dues used for such activities, or be subject to a proxy tax on the amount of the expenditures.

A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. Trade associations and professional associations are business leagues. To be exempt, a business league's activities must be devoted to improving business conditions of one or more lines of business as distinguished from performing particular services for individual persons. No part of a business league's net earnings may inure to the benefit of any private shareholder or individual and it may not be organized for profit to engage in an activity ordinarily carried on for profit (even if the business is operated on a cooperative basis or produces only enough income to be self-sustaining). The term *line of business* generally refers either to an entire industry or to all components of an industry within a geographic area. It does not include a group composed of businesses that market a particular brand within an industry.

Chambers of commerce and boards of trade are organizations of the same general type as business leagues. They direct their efforts at promoting the common economic interests of all commercial enterprises in a trade or community, however.

Additional information:

- Life Cycle of a Business League (Trade Association)
- Lobbying Activities - Business Leagues
- Business Leagues - Political Campaign Intervention Resources
- Application for Recognition of Exemption
- IRC 501(c)(6) Organizations

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