

Types of Advocacy Organizations

FACTSHEET

When it comes to advocacy, knowing what type of organization you are is the first step. Depending on your tax exempt status, the laws surrounding advocacy differ and directly impact what you can (or can't) do through advocacy.

WHAT IS A NONPROFIT ORGANIZATION?

All nonprofits can engage in advocacy, although the scope and extent of allowable activities vary according to the tax exempt status of the organization. Nonprofit organizations include:

Examples of Nonprofit Organizations

- 501(c)(3) organizations (public charities, public foundations, and private foundations)
- 501(c)(4) organizations (social welfare organizations)
- 501(c)(5) organizations (labor unions)
- 501(c)(6) organizations (business leagues)
- 527 organizations (political organizations)

Check out our chart: [When Does Your Activity Become Lobbying](#)

WHAT IS A 501(c)(3) ORGANIZATION?

Nonprofit organizations that dedicate their resources to charitable, religious, scientific, literary, or educational purposes may apply for tax exemption under section 501(c)(3) of the Internal Revenue Code. A 501(c)(3) organization generally pays no federal taxes on its income, and contributions it receives may be tax deductible by the donor. It may engage in a broad range of advocacy activities, although it is subject to limits on lobbying and is prohibited from engaging in any political activity on behalf of or in opposition to a candidate for public office.

Examples of 501(c)(3) Organizations

- **Public charity:** A public charity receives substantial support from the general public and carries out charitable and/or educational programs and services. Public charities may lobby, subject to generous limits.
- **Private foundation:** A private foundation is a 501(c)(3) supported by one or a few individuals or sources. Private foundations generally award grants to support other organizations' charitable activities. They are subject to additional rules governing their activities, including being subject to a tax on any money spent on lobbying. However, IRS regulations provide safe harbors for private foundations to support public charities that lobby, so long as the foundation does not earmark the money for such activities.
- **Public foundation:** Public foundations, including community foundations, are publicly supported 501(c)(3) organizations that make grants to support the charitable activities of other organizations. Legally considered to be public charities, public foundations are subject to far fewer restrictions than private foundations and can spend money on lobbying or make grants that are earmarked for lobbying.

WHAT IS A 501(C)(4) SOCIAL WELFARE ORGANIZATION?

Similar to 501(c)(3) organizations, a 501(c)(4) social welfare organization generally pays no taxes on its income. However, unlike a 501(c)(3) organizations, contributions to 501(c)(4)s are not tax deductible to donors. 501(c)(4) organizations may conduct unlimited lobbying. In addition, they may engage in partisan political campaign work, but only as a secondary activity.

WHAT IS A 501(C)(5) LABOR ORGANIZATION?

Section 501(c)(5) organizations are most frequently "labor organizations." These organizations are exempted from federal income tax under the Internal Revenue Code. However, unlike a 501(c)(3) organizations, contributions to 501(c)(5)s are not tax deductible to donors. 501(c)(5) organizations may conduct unlimited lobbying. In addition, they may engage in partisan political campaign work, but only as a secondary activity.

WHAT IS A 501(C)(6) BUSINESS LEAGUE?

Section 501(c)(6) "business leagues" and chambers of commerce are exempted from federal income tax under the Internal Revenue Code. However, unlike a 501(c)(3) organizations, contributions to 501(c)(6)s are not tax deductible to donors. 501(c)(6)

organizations may conduct unlimited lobbying. In addition, they may engage in partisan political campaign work, but only as a secondary activity.

WHAT IS A 527 POLITICAL ORGANIZATION?

There are many types of political organizations exempt from taxation under 527 of the Internal Revenue Code. Section 527 addresses the tax treatment of all entities that exist primarily to influence the outcome of elections. A political organization is generally exempt from taxation to the extent that it spends its funds on political activities and related expenses. Political activities include influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any federal, state or local public office or office in a political organization. Like 501(c)(4) organizations, donations to 527 organizations are not tax deductible.

The information contained in this fact sheet and any attachments is being provided for informational purposes only and not as part of an attorney-client relationship. The information is not a substitute for expert legal, tax, or other professional advice tailored to your specific circumstances, and may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code or state or local law. Alliance for Justice publishes plain-language guides on nonprofit advocacy topics, offers educational workshops on the laws governing the advocacy of nonprofits, and provides technical assistance for nonprofits engaging in advocacy. For additional information, please feel free to contact Alliance for Justice at 866-NPLOBBY.