

Comparison of 501(c)(3), 501(c)(4) and 501(c)(6) Organizations

Treatment	501(c)(3) -- Charities	501(c)(4) -- Advocacy	501(c)(6) -- Trade & Prof.
What is the primary purpose of the organization?	Charitable, educational and/or scientific	Advocacy	To promote a line of trade or business
Is the organization exempt from federal taxes?	Yes	Yes	Yes
Is the organization exempt from state and local taxes?	Yes, usually, however some states are tightening requirements	No, not usually	No, not usually
Are donations tax-deductible as charitable contributions?	Yes	No	No
Are dues or member fees tax-deductible?	Yes, to extent fees exceed benefits received	No	Yes, if qualify as ordinary and necessary business expense
May the organization engage in lobbying?	Yes, but only an insubstantial portion activities may be lobbying	Yes	Yes, but beginning in 1993 lobbying expenditures are no longer deductible
May the organization engage in political election campaign activity?	No	Yes, but taxed on expenditures	Yes, but taxed on expenditures
Is the organization required to file an annual information return (IRS Form 990)?	Yes, if gross receipts exceed \$25K	Yes, if gross receipts exceed \$25K	Yes, if gross receipts exceed \$25K
Is the organization subject to UBIT?	Yes	Yes	Yes
Will the organization qualify for nonprofit postal permit?	Yes	No, unless also qualify as an "educational" organization within the meaning of 501(c)(3)	No, unless also qualify as an "educational" organization within the meaning of 501(c)(3)
Is the organization required to have an independent board of directors?	Yes	Yes	Yes
Are volunteers of the organization subject to legal liability?	Yes, but trend is to exempt volunteers of charities	Yes	Yes

May the organization have certain employee benefit plans:			
401(k)?	Yes	Yes	Yes
403(b)?	Yes	No	No