

Subsec. (c)(2). Pub. L. 98-369 substituted “Treatment of other debt instruments” for “Treatment of other evidence of indebtedness” in heading and, in text, substituted “a debt instrument of the purchaser which is given in consideration for the sale or exchange of property shall not be treated as a payment, and any payment due under such debt instrument” for “an evidence of indebtedness of the purchaser given in consideration for the sale or exchange of property shall not be considered a payment, and any payment due under such evidence of indebtedness”.

Subsec. (c)(3). Pub. L. 98-369 added par. (3).

Subsec. (d). Pub. L. 98-369 amended subsec. (d) generally, substituting provisions relating to exceptions and limitations for provisions which related to payments indefinite as to time, liability, or amount.

Subsec. (e). Pub. L. 98-369 amended subsec. (e) generally, substituting provisions relating to interest rates in case of sale of principal residence or farm land for provision relating to changes in terms of contract.

Subsec. (f). Pub. L. 98-369 amended subsec. (f) generally, substituting provisions relating to maximum rate of interest on certain transfers of land between related parties for provisions which related to exceptions and limitations now covered in subsec. (d) of this section.

Subsec. (g). Pub. L. 98-369 amended subsec. (g) generally, substituting provisions which related to calling for the promulgation of regulations by the Secretary for provisions which related to the maximum rate of interest on certain transfers of land between related parties now covered in subsec. (f) of this section.

Subsec. (h). Pub. L. 98-369 added subsec. (h).

1983—Subsec. (g)(4). Pub. L. 97-448 substituted “Paragraph (1)” for “This section”.

1981—Subsec. (g). Pub. L. 97-34 added subsec. (g).

1976—Subsecs. (b), (c)(1)(B), (e). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsec. (f)(3). Pub. L. 94-455, §1901(b)(3)(B), substituted “all of the gain, if any, on such” for “no part of any gain on such” and “ordinary income” for gain from the sale or exchange of property other than a capital asset”.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-121 applicable to sales and exchanges after June 30, 1985, in taxable years ending after such date, see section 105(a)(1) of Pub. L. 99-121, set out as a note under section 1274 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to taxable years ending after July 18, 1984, and applicable to sales or exchanges after Dec. 31, 1984, but not applicable to any sale or exchange pursuant to a written contract which was binding on Mar. 1, 1984, and at all times thereafter before the sale or exchange, see section 44 of Pub. L. 98-369, set out as an Effective Date note under section 1271 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97-448 effective, except as otherwise provided, as if it had been included in the provision of the Economic Recovery Tax Act of 1981, Pub. L. 97-34, to which such amendment relates, see section 109 of Pub. L. 97-448, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-34, title I, §126(b), Aug. 13, 1981, 95 Stat. 202, provided that: “The amendment made by subsection (a) [amending this section] shall apply to payments made

after June 30, 1981, pursuant to sales or exchanges after such date.”

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(b)(3)(B) of Pub. L. 94-455 effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

EFFECTIVE DATE

Section applicable to payments made after Dec. 31, 1963, on account of sales or exchanges of property after June 30, 1963, other than a sale or exchange pursuant to written contract, including an irrevocable written option, entered into before July 1, 1963, see section 224(d) of Pub. L. 88-272, set out as an Effective Date of 1964 Amendment note under section 163 of this title.

PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§1101-1147 and 1171-1177] or title XVIII [§§1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

TREATMENT OF TRANSFERS OF LAND BETWEEN RELATED PARTIES

Pub. L. 99-514, title XVIII, §1803(a)(9), Oct. 22, 1986, 100 Stat. 2794, provided that: “In the case of any sale or exchange before July 1, 1985, to which section 483(f) of the Internal Revenue Code of 1954 [now 1986] (as in effect on the day before the date of the enactment of Public Law 99-121 [Oct. 11, 1985]) applies, such section shall be treated as providing that the discount rate to be used for purposes of section 483(c)(1) of such Code shall be 6 percent, compounded semiannually.”

TRANSITIONAL RULE FOR PURPOSES OF IMPUTED INTEREST RULES

Provisions, respecting treatment of debt instruments received in exchange for property, relating to special rules for sales after Dec. 31, 1984, and before July 1, 1985, general rule for assumptions of loans, exception for assumptions of loans made on or before Oct. 15, 1984, and exception for assumptions of loans with respect to certain property, see section 44(b)(4)-(7) of Pub. L. 98-369, as amended, set out as an Effective Date note under section 1271 of this title.

Subchapter F—Exempt Organizations

Part	
I.	General rule.
II.	Private foundations.
III.	Taxation of business income of certain exempt organizations.
IV.	Farmers' cooperatives.
V.	Shipowners' protection and indemnity associations.
VI.	Political organizations.
VII.	Certain homeowners associations.
VIII.	Certain Savings Entities. ¹

AMENDMENTS

2014—Pub. L. 113-295, div. B, title I, §102(e)(5), Dec. 19, 2014, 128 Stat. 4062, substituted “Certain Savings Entities” for “Higher education savings entities” in part VIII heading.

1997—Pub. L. 105-34, title II, §211(e)(1)(B), Aug. 5, 1997, 111 Stat. 812, substituted “Higher education savings entities” for “Qualified State tuition programs” in part VIII heading.

¹ So in original. Probably should be “Certain savings entities.”

1996—Pub. L. 104-188, title I, § 1806(b)(2), Aug. 20, 1996, 110 Stat. 1898, added part VIII heading.
 1976—Pub. L. 94-455, title XXI, § 2101(d), Oct. 4, 1976, 90 Stat. 1899, added part VII heading.
 1975—Pub. L. 93-625, § 10(d), Jan. 3, 1975, 88 Stat. 2119, added part VI heading.
 1969—Pub. L. 91-172, title I, § 101(j)(58), Dec. 30, 1969, 83 Stat. 532, added part II heading, and redesignated former parts II, III and IV as parts III, IV and V, respectively.

PART I—GENERAL RULE

- Sec.
- 501. Exemption from tax on corporations, certain trusts, etc.
- 502. Feeder organizations.
- 503. Requirements for exemption.
- 504. Status after organization ceases to qualify for exemption under section 501(c)(3) because of substantial lobbying or because of political activities.
- 505. Additional requirements for organizations described in paragraph (9), (17), or (20) of section 501(c).
- 506. Organizations required to notify Secretary of intent to operate under 501(c)(4).

AMENDMENTS

2015—Pub. L. 114-113, div. Q, title IV, § 405(d), Dec. 18, 2015, 129 Stat. 3119, added item 506.
 1987—Pub. L. 100-203, title X, § 10711(b)(2)(B), Dec. 22, 1987, 101 Stat. 1330-464, substituted “substantial lobbying or because of political activities” for “substantial lobbying” in item 504.
 1984—Pub. L. 98-369, div. A, title V, § 513(b), July 18, 1984, 98 Stat. 865, added item 505.
 1976—Pub. L. 94-455, title XIII, § 1307(d)(3)(B), Oct. 4, 1976, 90 Stat. 1728, added item 504.
 1969—Pub. L. 91-172, title I, § 101(j)(61), Dec. 30, 1969, 83 Stat. 532, struck out item 504 “Denial of exemption”.

§ 501. Exemption from tax on corporations, certain trusts, etc.

(a) Exemption from taxation

An organization described in subsection (c) or (d) or section 401(a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502 or 503.

(b) Tax on unrelated business income and certain other activities

An organization exempt from taxation under subsection (a) shall be subject to tax to the extent provided in parts II, III, and VI of this subchapter, but (notwithstanding parts II, III, and VI of this subchapter) shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.

(c) List of exempt organizations

The following organizations are referred to in subsection (a):

(1) Any corporation organized under Act of Congress which is an instrumentality of the United States but only if such corporation—

(A) is exempt from Federal income taxes—
 (i) under such Act as amended and supplemented before July 18, 1984, or

(ii) under this title without regard to any provision of law which is not contained in this title and which is not contained in a revenue Act, or

(B) is described in subsection (l).

(2) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section. Rules similar to the rules of subparagraph (G) of paragraph (25) shall apply for purposes of this paragraph.

(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

(4)(A) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

(B) Subparagraph (A) shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

(5) Labor, agricultural, or horticultural organizations.

(6) Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(7) Clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

(8) Fraternal beneficiary societies, orders, or associations—

(A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and

(B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

(9) Voluntary employees’ beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net