



## **NACE Chapters ARE 501(c)6 Entities (1/3/08)**

*As defined by the IRS, 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. 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.*

### **What is the Difference Between a 501c(6) and 501(c)3?**

The main difference between the a 501(c)6 and 501(c)3 is contributions made to a 501(c)3, such as the Foundation of NACE, are tax exempt and individuals donating to the foundation can deduct, for federal income tax purposes, their contributions, minus any value received in returned, i.e., some spends \$150 on a ticket for a charitable event and the meal itself actually cost \$40, the actual deduction would be \$110.

### **Donations:**

Contributions made to your chapter are **not** tax deductible as a charitable expense. However, you can let the donor know that they can deduct the donation from their taxes as an expense of doing business. Donations to a 501(c)(6) organization are not required to be disclosed.

### **How Do I Make Donations to the Foundation of NACE?**

The best way to make donations to the Foundation of NACE is to make them online on the NACE website. Email [foundation@nace.net](mailto:foundation@nace.net) for support.