



Exemption Requirements - 501(c)(3) Organizations

To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be [organized](#) and [operated](#) exclusively for [exempt purposes](#) set forth in section 501(c)(3), and none of its earnings may [inure](#) to any private shareholder or individual. In addition, it may not be an [action organization](#), i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.

Organizations described in section 501(c)(3) are commonly referred to as **charitable organizations**. Organizations described in section 501(c)(3), other than testing for public safety organizations, are eligible to receive tax-deductible [contributions](#) in accordance with Code section 170.

The organization must not be organized or operated for the benefit of [private interests](#), and no part of a section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual. If the organization engages in an [excess benefit transaction](#) with a person having substantial influence over the organization, an [excise tax](#) may be imposed on the person and any organization managers agreeing to the transaction.

Section 501(c)(3) organizations are restricted in how much political and legislative (*lobbying*) activities they may conduct. For a detailed discussion, see [Political and Lobbying Activities](#). For more information about lobbying activities by charities, see the article [Lobbying Issues](#); for more information about political activities of charities, see the FY-2002 CPE topic [Election Year Issues](#).

Additional Information

- [Application Process Step-by-Step](#): Questions and answers that will help an organization determine if it is eligible to apply for recognition of exemption from federal income taxation under IRC section 501(a) and, if so, how to proceed.
- [Private foundations - requirements for exemption](#)
- [Tax-Exempt Status](#): Online training available at the IRS microsite [StayExempt.irs.gov](#).



FEDERAL: Waterford School District *does not qualify* as Tax-Exempt under 501(c)(3). Waterford School District is a Government Entity and *not a non-profit charitable organization*, therefore the district cannot provide a letter from the IRS to state otherwise.

STATE: Waterford School District *does qualify* as Tax-Exempt under the State of Michigan as a Government Entity. Michigan Sales & Use Tax Certificate of Exemption No. ME-0100612.

The District's Tax-Exempt status and identification number are not for use by any non-school clubs/groups/organizations. Parent/Teacher Organizations and Booster Clubs are responsible for their own tax status and accounting.