**New Taxonomy of Tax-Exempt Purpose Codes (501c Types):** DRAFT

This document presents an attempt to define meaningful groups for 501c types to simplify the process of organizing nonprofits by their primary tax-exempt purpose. We have proposed 9 categories of 501c types described in **exempt\_type\_primary** below, plus a tenth “defunct” category for types no longer allowed by the IRS, but old cases exist in NCCS data.

Each category has attributes that describe requirements or privileges of organizations that fall within each category. These attributes primary pertain to IRS tax code definitions of each distinct 501c type.

exempt\_type\_primary: Tax Exempt Subgroups

1. **BUSINESS AND LABOR**: business and labor associations
2. **CHARITY**: public charities
3. **CIVIC/ADVOCACY**: civic engagement, advocacy, and politically engaged nonprofit organizations
4. **COOPERATIVES**: Wealth building and asset building organizations including credit unions.
5. **INSURANCE**: protection from risk (primarily services for individuals, but some offering insurance for other organizations)
6. **MEMBER ASSOCIATIONS**: groups that operate for the benefit of members (other than cooperatives and pensions)
7. **PENSION**: organizations designed to support wealth building, income smoothing, and specialized savings mechanisms
8. **PRIVATE FOUNDATION**: private foundations and charitable trusts
9. **SPECIAL PURPOSE CORP**: tax-exempt corporations with a narrowly defined set of allowable operations
10. **DEFUNCT**: category no longer supported by the IRS

exempt\_type\_stakeholder: Tax Exempt Groups

* **MEMBERS**: The organization’s primary stakeholders are members.
* **SOCIETY**: The organization is accountable to the community it serves or the general public.
* **PARENT ORG**: The organization was incorporated as a subsidiary entity to another nonprofit.

donations\_deductible: Are donations tax-deductible?

* **UNLIMITED**: The organization can receive unlimited tax-deductible donations.
* **RESTRICTED**: The organization can receive tax-deductible donations, but in restricted amounts or for a narrow set of purposes.
* **NO**: Donations to the organization are NOT tax-deductible.

political\_limits Can the organizations in this category engage in political activity?

* **REGULAR**: The nonprofit must abide by the standard restrictions placed upon political engagement.
* **LESS LIMITED**: The nonprofit has fewer restrictions placed upon lobbying and advocacy, and typically donations are not tax-deductible.

member\_types Do the organizations in this category have legally defined member restrictions?

* **INDIVIDUALS**: The nonprofit MUST HAVE MEMBERS to incorporate under this 501c subsector code: members are individuals.
* **ORGANIZATIONS**: The nonprofit MUST HAVE MEMBERS to incorporate under this 501c subsector code: members are organizations.
* **HYBRID**: The nonprofit MUST HAVE MEMBERS to incorporate under this 501c subsector code: members can be a mix of individuals and organizations.
* **SHAREHOLDERS**: The nonprofit was incorporated as a special purpose corporation: shareholders serve as members.
* **NOT REQ**: The nonprofit is NOT required to have members to incorporate.
* **DEFUNCT**: The 501c type is no longer recognized by the IRS.

govt\_established Are organizations in this category established by a government entity?

* **FEDERAL**: The nonprofit was created by the federal government (example, federal credit unions)
* **STATE**: The nonprofit was created by the state government (example, local credit unions)
* **NO REQ**: The nonprofit was incorporated by private citizens or other non-governmental organizations.

related\_entity\_status Do the organizations in this category exist solely through another 501c organization?

* **INDEPENDENT**: The nonprofit can incorporate as an independent organization (or as part of federated structure).
* **LODGE**: The nonprofit must incorporate as part of an existing lodge structure.
* **SUBORDINATE**: The nonprofit is a subsidiary organization of other nonprofits or corporations.

required\_990 Are organizations in this category required to file the 990 series?

* **YES**: The nonprofit is required to file a 990
* **NO**: The nonprofit is NOT required to file a 990
* **990PF**: The nonprofit is required to file a 990PF (for private foundations and charitable trusts)
* **UNK**: Unable to determine from IRS documentation

option\_990EZ Are organizations in this category allowed to file a 990EZ if they qualify to do so?

* **YES**: If the nonprofit has revenues and assets below the threshold it can file a 990EZ instead of the full 990.
* **NO**: The nonprofit is required to file a full 990 (or 990PF), no matter it’s size.
* **YES\_EXCEPT**: Nonprofits in this subsector have the option to file a 990EZ but some are required to file a full 990 or 990PF.

other\_filing\_requirments List of forms other than the 990 that organizations in this category are required to file.