



4920 N IH 35, 2nd Floor, Austin, Texas 78751
 tel. (512) 374-2712 • fax. (512) 447-3940 • www.texasbar.org • texasbar@trla.org

Comparison Chart: The Benefits and Drawbacks of 501(c)(3), 501(c)(4), and 501(c)(6) Status

	501(c)(3)	501(c)(4)	501(c)(6)
Who	Organizations organized and operated exclusively for charitable, religious, scientific, literary, or educational purposes.	Organizations organized and operated exclusively to promote social welfare. Ex: civic associations, volunteer fire companies	Nonprofit business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues.
Benefits	Contributions to 501(c)(3) organizations are tax-deductible.	A substantial part of their activities may consist of lobbying or political activities, as long as the political activities are germane to the social welfare purpose of the organization.	<ul style="list-style-type: none"> • Dues and investment income are tax exempt. • There is no express limitation on the lobbying or other political activities of 501(c)(6) organizations. However, actions to influence legislation will effect the ability of members to deduct their dues.
Drawbacks	<ul style="list-style-type: none"> • The organization may not participate at all in campaign activity for or against a political candidate. • No substantial part of the organization's activities may consist of lobbying. 	Contributions to the organization are <i>not</i> tax deductible.	Contributions to the organization are <i>not</i> tax deductible.