

## **The Statute, Regulations, and Analytical Framework of IRC 501(c)(6),** Continued

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**Basic  
Characteristics  
of an IRC  
501(c)(6)  
Organization**

To meet the requirements of IRC 501(c)(6) and Reg. 1.501(c)(6)-1, an organization must possess the following characteristics:

1. It must be an association of persons having some common business interest and its purpose must be to promote this common business interest;
2. It must be a membership organization and have a meaningful extent of membership support;
3. It must not be organized for profit;
4. No part of its net earnings may inure to the benefit of any private shareholder or individual;
5. Its activities must be directed to the improvement of business conditions of one or more lines of business (discussed under “**The ‘Line of Business’ Requirement,**” page 21) as distinguished from the performance of particular services for individual persons;
6. Its primary activity does not consist of performing particular services for individual persons; and
7. Its purpose must not be to engage in a regular business of a kind ordinarily carried on for profit, even if the business is operated on a cooperative basis or produces only sufficient income to be self-sustaining.

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