

A nonprofit organization that helps people in planning their careers and achieving occupational adjustment by distributing educational publications at a nominal charge and providing free vocational counselling services may qualify for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

Advice has been requested whether a nonprofit organization formed and operated in the manner described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed to educate young people as well as adults about employment opportunities, and to assist them in planning their careers and achieving occupational adjustment.

To implement its purposes, the organization conducts occupational research, publishes the results of such research, and sponsors group and individual vocational counselling. Its publications provide information to potential job seekers as to the opportunities open to them and how to take advantage of such opportunities. They also present broad pictures of various vocational areas, such as skilled trades, business, and civil service. The publications are sold at a nominal charge to educational institutions, agencies of the Federal Government, and the general public. The organization does not provide placement service. It charges no fees for its vocational counselling services. Its income is derived mainly from contributions and is used for operating expenses.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for educational purposes.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations provides that the term 'educational' includes the instruction or training of the individual for the purpose of improving or developing his capabilities.

The organization helps people in planning their careers and achieving occupational adjustment by distributing educational publications and providing free vocational counselling and thus is engaging in an educational activity. Accordingly, this organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must (in order to establish exemption under section 501(c)(3) of the Code) file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the

organization. See section 1.501(a)-1 of the regulations.