



Labor and Agricultural Organizations

Section 501(c)(5) provides for exemption of [labor](#), [agricultural](#) or [horticultural](#) organizations. To be exempt, an organization must meet the following requirements:

- The net earnings of the organization may not inure to the benefit of any member; and
- The objects of the organization must be the betterment of conditions of those engaged in the pursuits of labor, agriculture, or horticulture, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

Generally, an organization is not described in section 501(c)(5) if its principal activity is to receive, hold, invest, disburse, or otherwise manage funds associated with savings or investment plans.

Seeking legislation germane to the labor or agricultural organization's programs is recognized as a permissible means of attaining its exempt purposes. Thus, a section 501(c)(5) organization may further its exempt purposes through lobbying as its primary activity without jeopardizing its exempt status. However, a section 501(c)(5) organization that engages in lobbying may be required to either provide notice to its members regarding the percentage of dues paid that are applicable to lobbying activities or pay a [proxy tax](#).

The exempt purposes of a labor or agricultural organization do not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office. A section 501(c)(5) labor or agricultural organization may engage in some political activities, however, so long as that is not its primary activity. However, any expenditures it makes for political activities may be subject to tax under section 527(f). For further information regarding political and lobbying activities of section 501(c) organizations, see [Election Year Issues PDF](#), [Political Campaign and Lobbying Activities of IRC 501\(c\)\(4\), \(c\)\(5\), and \(c\)\(6\) Organizations PDF](#), and [Revenue Ruling 2004-6](#)

See also this [recorded presentation](#) on 501(c)(6) organizations.

For a more detailed discussion of the exemption requirements for section 501(c)(5), see [IRC 501\(c\)\(5\) Organizations PDF](#). For more information about how to apply for exemption, see [Application for Recognition of Exemption](#).

Additional information:

- [Life Cycle of a Labor Organization](#)
- [Life Cycle of an Agricultural or Horticultural Organization](#)