

Understanding the Difference

501(c)(3) and 501(c)(8) organizations

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The Fraternal Order of Police is a 501(c)(8) nonprofit organization, giving it exemption from federal income taxes.

The 501(c)(8) status is one of 29 types of nonprofit organizations under the 501(c) Internal Revenue Codes (IRC), making it difficult to understand the differences between the various types of nonprofit organizations and the advantages afforded to each.

Click [here](#) to see a listing of all 29 501(c) organization types.

Most nonprofit 501(c) organizations fall under the 501(c)(3) IRC code. As such, many assume local FOP lodges, the State Lodge and even the Grand Lodge also fall under this category. However, this is not true.

Below are three main differences between 501(c)(3) and 501(c)(8) organizations.

How is each classification defined?

The Fraternal Order of Police operates under IRC 501(c)(8)—Fraternal Beneficiary Societies and Associations. To be considered for this classification the organization must meet the following criteria:

- It must have a fraternal purpose;
- It must operate under the lodge system; and
- It must provide for the payment of life, sick, accident, or other benefits.

Members in 501(c)(8) organizations share a common bond, such as a calling, avocation or profession. Such organizations must engage in fraternal activities, with evidence of a fraternal

purpose through rituals, ceremony and regalia. In addition to social activities, regular meetings and rituals, members also engage in civic, benevolent and/or charitable functions (Internal Revenue Services, n.d.).

501(c)(3) organizations are charitable in nature and, under the generally accepted legal sense, “give relief of the poor, the distressed or the underprivileged, work toward the advancement of religion, education or science, erect or maintain public buildings, monuments or works, lessen the burdens of government, lessen neighborhood tensions, eliminate prejudice and discrimination, defend human and civil rights secured by law and combat community deterioration and juvenile delinquency” (Internal Revenue Service, n.d.).

Are donations tax deductible?

Generally, donations made to 501(c)(8) organizations are not tax deductible. However, IRC 170(c)(4) provides that, in the case of a contribution or gift by any individual, the term “charitable contribution” includes a contribution or gift to or for the use of a domestic fraternal society, order, or association, operating under the lodge system, but only if such contribution or gift is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Contributions for fraternal or social purposes are not deductible (Barnett & Thomas, 2004).

Donations to 501(c)(3) organizations are tax deductible.

Are political and legislative activities allowed?

As a 501(c)(8), the Fraternal Order of Police is allowed to engage in some political activities, including intervention in political campaigns on behalf of, or in opposition to, candidates for public office. One of the biggest benefits to the FOP is its ability to lobby at the state capitol for legislation that is vital to the well-being of its members.

Organizations under the 501(c)(3) classification are more regulated and restricted in how much political and legislative advocacy they may conduct. Too much activity or participating in restricted activity can result in a loss of tax exempt status. Such activities include contacting or urging the public to contact members or employees of a legislative body for the purpose of proposing, supporting or opposing legislation; or if the organization advocates for the adoption or rejection of legislation (Internal Revenue Services, n.d.).

While there is much more to both IRC classifications, this is a cursory overview to explain some primary differences between 501(c)(3) and 501(c)(8) organizations. For additional information, please visit www.irs.gov.

References:

Barnett, S. & Thomas W. (2004). *IRC 501(c)(8) Fraternal Beneficiary Societies and IRC 501(c)(8) Domestic Fraternal Societies*. Retrieved January 4, 2014 from www.irs.gov/pub/irs-tege/eotopicf04.pdf.

Internal Revenue Service. (n.d.) *Exemption Requirements - Section 501(c)(3) Organizations*. Retrieved February 4, 2014 from [www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501\(c\)\(3\)-Organizations](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501(c)(3)-Organizations).