Ask a Lawyer

Are LCCEs Exempt from Income Taxes?

Nayna Campbell Philipsen, JD, PhD, RN, LCCE, FACCE

NAYNA PHILIPSEN is an attorney in Baltimore, Maryland, and Director of Education and Licensure for the Maryland Board of Nursing. She is also a health educator at St. Agnes Hospital in Baltimore.

Abstract

Lamaze International Certified Childbirth Educators (LCCEs) may incorporate as tax-exempt organizations under the federal tax law if they meet all of the outlined requirements. They may then be considered exempt from income taxes for the purpose of any law that refers to tax-exempt organizations.

Journal of Perinatal Education, 11(3), 38–39; childbirth educators, tax-exempt organizations.

Question

I am interested in 501(c)3 organizations versus 501(c)6 or 501(c)9 organizations. How do they differ, how are they the same? How would they differ when an organization promotes and educates pregnant women and their families about positive childbirth?

—An LCCE, FACCE in New York

Answer

You are referring to a section of the U.S. Internal Revenue Code that describes federal tax exemptions for certain organizations. An organization that wants tax exempt status under this section must meet every requirement. First, it must be organized and operated exclusively for the specified exempt purposes. Second, no part of its

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earnings may benefit a private shareholder or individual. Third, no part of its activities can intervene or participate in the political campaign of an individual. Fourth, the organization cannot engage in any substantial political or lobbying activities.

The different numbers to which you refer are the paragraphs that describe different *purposes* of organizations that may qualify to be exempt from income taxes. Corporations (funds, foundations) that are organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, for testing of public safety, for fostering international amateur sports competition, or for preventing cruelty to children and animals compose (3) corporations. The (6) corporations include business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues. The (9) corporations are voluntary employees' beneficiary associations providing for the payment of benefits to the members of such associations or their beneficiaries.

An organization that exists to "promote and educate pregnant women and their families about positive childbirth" may qualify as a (3) organization under Title 26, Subtitle A, Chapter 1, Subchapter F, Part I, Sec. 501(c) of the Internal Revenue Code. I am not sure why the organization that you describe would fit under (6) or (9); perhaps there are aspects of your organization that you are not including.

If you think that your organization qualifies for tax-exempt status under this section of the code, you should certainly apply for that status. Examine each requirement first, as well as sections 502 and 503, which describe denials of this exemption.

Does the purpose of your organization fit the paragraph under which you are applying? Is your organiza-

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tion exclusively organized for that particular purpose (not just substantially or primarily)? Is it operated for a charitable purpose? For example, is it open to the public or only for the private benefit of a certain group or to payees? Does it provide education to the public at large? If some services are limited to payees, does it also accept those who cannot pay? Does it conduct research? Is your organization engaged in any activity that is *not* substantially related to its purpose that constitutes the basis for its exemption? Is it controlled by an organization that carries a different purpose?

The laws providing for tax-exempt status were designed to encourage the activities that are described in the different sections. If all of your organizational activities fit into 501(c)3, you should apply for the exemption. The tax-exempt status is one way that our government and we, as taxpayers, have chosen to support charitable educational services to improve the well-being of our citizens.

Note: "Ask a Lawyer" answers are not official Lamaze International positions and are not intended to substitute for consulting with your own attorney. Nayna Philipsen welcomes your questions. Please send them to "Ask a Lawyer," Lamaze International, 2025 M Street NW, Suite 800, Washington, DC 20036-3309 or via E-mail to naynamom@aol.com.

Women Citizens

It certainly must have been a relief for the women of the country to realize that one could be a woman and a lady and yet be thoroughly political.

Pearl S. Buck