By default, chapters are considered a “nonprofit association” under California law. A nonprofit association is an unincorporated association with a primary common purpose other than to operate a business for profit.

Federal Non-Profit Status - Federal Income Tax Code

The Internal Revenue Code Section 501(a) provides the basic provisions for federal income taxation. Section 501(c) provides nearly thirty different categories of organizations that are exempt from income our chapter is governed by provisions provided by Section 501(c)(6) for business associations and similar entities.

State Non-Profit Status

All unincorporated associations, even if organized on a nonprofit basis, are subject to California income tax, until the Franchise Tax Board grants tax-exempt status. Our chapter has tax exemption which mirrors the federal 501(c)(6) exemption.