

MARK COHEN, J.D., LL.M.

Lawyer

CONTRACTS, BUSINESS, REAL ESTATE, INTELLECTUAL PROPERTY, AGRICULTURAL LAW AND RELATED LITIGATION
[PLAIN ENGLISH CONSULTING](#)

MARK COHEN, J.D., LL.M.

November 3, 2017

Via Email Only

InterNACHI Board of Directors

Re: Tax Aspects of Offering Classes

Members of the Board:

You asked me to outline the tax aspects of InterNACHI's offering classes. This letter responds to that request.

InterNACHI is a nonprofit corporation with tax-exempt status as a trade association under Section 501(c)(6) of the Internal Revenue Code. To maintain this status, InterNACHI must promote a common business interest of home inspectors. Though there can be other focuses within that purpose, InterNACHI's main purpose must be to improve and advance business conditions for home inspectors.

I have looked into this issue and consulted with other qualified tax counsel. In my view, the fact that InterNACHI generates revenue from offering classes does not jeopardize its tax-exempt status. Additionally, if the classes are related to InterNACHI's purpose and help students obtain or maintain their status as home inspectors, the IRS does not consider the revenue from classes to be taxable unrelated business income (UBIT).

Section 501(c)(6) specifically allows educating members as one of the approved purposes of a trade association. Revenue Ruling 67-296, 1967-2 C.B. 212, states that tuition and fees for training classes or other business-related classes conducted by a Section 501(c)(6) organization do not jeopardize the organization's tax-exempt status. It also states that a professional association does not jeopardize its tax-exempt status where the organization receives fees from non-members for a training program.

If you have additional questions, please let me know.

Sincerely,

Mark Cohen

MSC:kjd

MARK COHEN

START EARLY. WORK HARD. FINISH. ®

P.O. Box 19192
BOULDER, COLORADO 80308
(303) 638-3410
WWW.COHENSLAW.COM