

A nonprofit legal aid society providing free legal services to indigent persons, otherwise financially incapable of obtaining such services, qualifies for exemption under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit legal aid society described below is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed and is operated for the sole purpose of providing free legal services to indigent persons otherwise financially incapable of obtaining such services. It is supported by contributions from members of the local bar association and the general public. Expenditures are for salaries and office expenses.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines the term 'charitable' as including relief of the poor and distressed.

It is held that the organization's provision of free legal services to persons otherwise financially incapable of obtaining such services constitutes relief of the poor and distressed, and that the organization is exempt from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must (in order to establish exemption under section 501(c)(3) of the Code) file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.