§ 1.501(c)(15)—1 Mutual insurance companies or associations.

(a) Taxable years beginning after December 31, 1962. An insurance company or association described in section 501(c)(15) is exempt under section 501(a) if it is a mutual company or association (other than life or marine) or if it is a mutual interinsurer or reciprocal underwriter (other than life or marine) and if the gross amount received during the taxable year from the sum of the following items does not exceed $150,000:

(1) The gross amount of income during the taxable year from:
   (i) Interest (including tax-exempt interest and partially tax-exempt interest), as described in § 1.61–7. Interest shall be adjusted for amortization of premium and accrual of discount in accordance with the rules prescribed in section 822(d)(2) and the regulations thereunder.
   (ii) Dividends, as described in § 1.61–9.
   (iii) Rents and royalties, as described in § 1.61–8.
   (iv) The entering into of any lease, mortgage, or other instrument or agreement from which the company may derive interest, rents, or royalties.
   (v) The alteration or termination of any instrument or agreement described in subdivision (iv) of this subparagraph.

(2) The gross income from any trade or business (other than an insurance business) carried on by the company or association, or by a partnership of which the company or association is a partner.

(b) Taxable years beginning after December 31, 1954, and before January 1, 1963. An insurance company or association described in section 501(c)(15) and paragraph (a) of this section is exempt under section 501(a) if the gross amount received during the taxable year from the sum of the items described in paragraph (a) (1), (2), and (3) of this section does not exceed $75,000.

(c) No double inclusion of income. In computing the gross income from any trade or business (other than an insurance business) carried on by the company or association, or by a partnership of which the company or association is a partner, any item described in section 822(b)(1) (A), (B), or (C) and paragraph (a)(1) of this section shall not be considered as gross income arising from the conduct of such trade or business, but shall be taken into account under section 822(b)(1) (A), (B), or (C) and paragraph (a)(1) of this section.

(d) Taxable years beginning after December 31, 1953, and before January 1, 1955. An insurance company or association described in section 501(c)(15) is exempt under section 501(a) if it is a mutual company or association (other than life or marine) or if it is a mutual interinsurer or reciprocal underwriter (other than life or marine) and if the gross amount received during the taxable year from the sum of the following items does not exceed $75,000:

(1) The gross amount of income during the taxable year from—
   (i) Interest (including tax-exempt interest and partially tax-exempt interest), as described in § 1.61–7. Interest shall be adjusted for amortization of premium and accrual of discount in accordance with the rules prescribed in section 822(d)(2) and § 1.822–3.
   (ii) Dividends, as described in § 1.61–9.
   (iii) Rents (but excluding royalties), as described in § 1.61–8.

(2) Premiums (including deposits and assessments).

(e) Exclusion of capital gains. Gains from sales or exchanges of capital assets to the extent provided in subchapter P (section 1201 and following, relating to capital gains and losses), chapter 1 of the Code, shall be excluded from the amounts described in this section.

[TD. 6493, 25 FR 9219, Sept. 27, 1960]

§ 1.501(c)(16)—1 Corporations organized to finance crop operations.

A corporation organized by farmers’ cooperative marketing or purchasing association, or the members thereof, for the purpose of financing the ordinary crop operations of such members or other producers is exempt, provided the marketing or purchasing