

Rev. Rul. 75-197, 1975-1 C.B. 156

Medical information retrieval system; donated body organs. A nonprofit organization that operates a free computerized donor authorization retrieval system to facilitate transplantation of body organs upon a donor's death qualifies for exemption under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

The organization was formed for the purpose of operating an information retrieval system to facilitate the legal donation of body organs to be used after the death of the donor.

The organization makes available the necessary legal documents authorizing the donation of specific body organs for transplantation upon the death of the donor. Upon signing the necessary documents, the donor is given a bracelet to wear continuously. The bracelet has stamped on it a number which corresponds to the number assigned to the legal documents authorizing the donation of the various organs.

The organization arranges for the micro-filming of the documents and the placing of such information into a computerized information retrieval system operated by the organization. Upon the death of the donor, the hospital contacts the organization and informs it of the number appearing on the bracelet. A copy of the documents authorizing the donation of the organs is promptly transmitted to the hospital. The organization derives its funds from contributions and no fees are charged for its services.

Section 501(c)(3) of the Code provides for 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 states that the term 'charitable' is used in section 501(c)(3) of the Code in its generally accepted legal sense.

In the general law of charity, the promotion of health is considered to be a charitable purpose. Restatement (Second), Trusts sec. 368 and sec. 372; Bogart, Trusts and Trustees (2d ed. 1969), sec. 374; IV Scott on Trusts (3rd ed. 167) sec. 368 and 372.

By facilitating the donation of organs which will be used to save lives, the organization is serving the health needs of the community and, therefore, is promoting health within the meaning of the general law of charity. Accordingly, the organization is operated for charitable purposes and it qualifies for exemption 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 file an application on Form 1023, Exemption Application, in order to be recognized by the Service as exempt under section 501(1)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.