

An organization was incorporated to associate together administrators, scholars, and others to engage in research, the gathering of information, and the publication of the results thereof. It conducts lectures, and holds conferences of scholars, government officials, and other individuals in various fields of endeavor. Its aim is to arrive at and disseminate impartial and authoritative findings on questions of national and international importance and, thus, to stimulate the growth of informed opinion with a view to the preservation and strengthening of democratic processes and principles of freedom. The organization is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 as an organization organized and operated exclusively for educational purposes. Held, it is not an educational organization of the type described in section 503(b)(2) of the Code since it does not maintain a regular faculty and curriculum and normally does not have a regularly enrolled body of pupils or students in attendance.

Advice has been requested whether, under the circumstances described below, an organization, which is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, as one organized and operated exclusively for educational purposes, is also an educational organization of the type described in section 503(b)(2) of the Code.

The instant organization was incorporated to associate together administrators, scholars, and others to engage in research, the gathering of information, and the publication of the results thereof. It was also formed to conduct lectures and hold conferences of scholars, government officials, and other individuals in all fields of endeavor including, but not limited to, labor, industry, commerce, agriculture, and the professions. By these and other means, it expected to arrive at and disseminate impartial and authoritative findings on questions of national and international importance and, thus, to stimulate the growth of informed opinion with a view to the preservation and strengthening of the democratic processes and principles of freedom.

A typical program of the organization involves (1) the selection, by a special committee, of a subject or subjects for discussion; (2) the appointment of leading authorities on the selected subject or subjects to write papers presenting background material to take the place of textbooks for the conference participants; (3) the holding of conferences and seminars to which prominent men and women from all fields of endeavor are invited; and (4), after the holding of the conferences, the preparation of a written report reflecting the conclusions of the conferees.

Section 501(c) of the Code describes certain organizations exempt from taxation under section 501(a) and reads, in part, as follows:

(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for \* \* \* educational purposes, \* \* \* no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Section 503(a)(1) of the Code provides, in part, that an organization described in section 501(c)(3) which is subject to the provisions of section 503, relating to requirements for exemption, shall not be exempt from taxation under section 501(a) if it has engaged in a prohibited transaction (described in section 503(c)) after July 1, 1950. However, section 503(b) of the Code provides, in part, that section 503 shall apply to any organization described in section 501(c)(3) except-

(2) an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on; \* \* \*

On the basis of the information presented, it is concluded that (1) the organization herein under consideration does not meet the requirement of normally maintaining a regular curriculum, since each program is different, depending upon selection by a committee of the subjects to be discussed; (2) the organization does not normally maintain a regular faculty, since leading authorities on the selected subject are appointed to write papers presenting background material; and (3) the organization does not normally have a regularly enrolled body of pupils or students in attendance at the place where the activities are carried on, since the 'students' in this instance are prominent men and women from all fields of endeavor who are invited to attend. In this respect the requirement of a regularly enrolled body of pupils or students is not met.

In view of the foregoing, it is held that the instant organization is not an educational organization of the type described in section 503(b)(2) of the Code. Accordingly, the special rule contained in section 170(b)(1)(A)(ii), providing an extra ten percent deduction for certain contributions; the exemption from retailers excise taxes provided by section 4057; the exemption from certain manufacturers excise taxes provided by section 4221; and the exemption from communications and transportation taxes provided by section 4294 do not apply to the instant organization. Further, the exemption from the requirement of filing an annual information return provided by section 6033(a)(2) of the Code does not apply to the instant organization.

Attention is invited to the fact that charitable contributions made to certain organizations which themselves fail to meet the requirements of section 503(b)(2), but whose members are organizations referred to in that section, will nevertheless qualify for the additional deduction of ten percent of adjusted gross income provided by the special rule under section 170(b)(1)(A)(ii) of the Code if the contributions so made inure entirely to the benefit of such members. See Revenue Ruling 60-111, C.B. 1960-1, 123.

Likewise, an organization which fails to meet the requirements of section 503(b)(2) may qualify for the exemptions provided in the above cited excise tax provisions if it is created and operated exclusively to carry out various activities of its member organizations, which are themselves described in section 503(b)(2), or are schools, operated as an activity of an organization described in section 501(c)(3) and exempt under section 501(a), which normally maintain a regular faculty and curriculum and normally have a regularly enrolled body of pupils or students in attendance at the place where their educational activities are carried on. Revenue Ruling 63-15, C.B. 1963-1, 189 and Revenue Ruling 63-208, C.B. 1963-2, 468.