A nonprofit organization, organized and operated on a nonmembership basis exclusively for the purpose of carrying on research as to diseases and other disorders of the human body and to develop scientific methods for diagnosis, prevention, and treatment thereof, and then to demonstrate the results of such research to other physicians and the public through means of seminars, qualifies as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.


Advice has been requested whether, under the circumstance described below, an organization qualifies as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was organized on a nonmembership basis exclusively for the purpose of engaging in research, experiments, investigations, analyses and studies as to diseases, deformities, functional disorders, afflictions and other conditions, normal and abnormal, of any and all parts of the human body. Its purpose is also to develop scientific methods for the diagnosis, prevention, and treatment of such conditions and to disseminate the results to physicians and the public through seminars.

The income of the organization consists primarily of donations and registration fees for seminars. Its expenditures consist primarily of expenses for stationery, printing, postage, travel expenses of the faculty, and seminar expenses. Its charter provides that no portion of the funds received is ever to be applied to any purpose other than enlargement, improvement, and maintenance of the organization and its facilities. Upon liquidation or dissolution all assets of the organization are to be distributed to any corporation, foundation, community chest, or fund, organized and operated exclusively for scientific or educational purposes, qualified for exemption under section 501(c)(3) of the Code.

The organization prepares and presents post graduate seminars and lectures for members of the medical profession engaged in the general practice of medicine. These seminars have been presented in various cities using as speakers teachers from medical schools and outstanding specialists in private practice. The guest speakers are usually paid a nominal amount. These seminars and lectures are designated to lessen the time between the discovery of medical knowledge and its practical application. It is anticipated that medical research will later be undertaken. All results of this research (including any patents, copyrights, processes, or formulas resulting from such research) will be made available to the general public on a nondiscriminatory basis.
Section 501(c)(3) of the Code provides, in part, that a corporation, organized and operated exclusively for educational purposes, is exempt from Federal income tax, provided none of its net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations states, in part, that the term 'educational' as used in section 501(c)(3) of the Code, relates to (1) the instruction or training of the individual for the purpose of improving or developing his capabilities, or (2) the instruction of the public on subjects useful to the individual and beneficial to the community.

I.T. 3182, C.B. 1938-1, 168, holds that the M organization, incorporated for the purpose of promoting the science and art of medicine, the welfare, friendly relations, and unity of the physicians in the State of R in elevating the standards of medical education, is not entitled to exemption under section 101(6) of the Revenue Act of 1936 (corresponding to section 501(c)(3) of the 1954 Code) but is exempt as a business league under section 101(7) of that Act (corresponding to section 501(c)(6) of the 1954 Code). I.T. 3182 is distinguishable from the instant case. The facts there show that, while there were some educational aspects of the organization, it was not organized 'exclusively' for religious, charitable, scientific, literary, or educational purposes.

The seminars and lectures presented by the instant organization relate to the instruction or training of the physicians attending them for the purpose of improving and developing their capabilities. Under such circumstances, the organization is engaged in an educational activity within the meaning of section 1.501(c)(3)-1(d)(3) of the regulations.

In view of the above, it is held that the organization qualifies for exemption from Federal income tax as an organization described in section 501(c)(3) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(3) of the Code, file an application 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.