

A nonprofit organization which furthers the rehabilitation of exconvicts and parolees in order to make them self-supporting and useful citizens may be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

I.T. 2088, C.B. III-2, 220 (1924), superseded.

The purpose of this Revenue Ruling is to update and restate the position set forth in I.T. 2088, C.B. III-2, 220 (1924), under current statute and regulations.

An organization was formed and is operated to rehabilitate exconvicts and parolees in order to make them self-supporting and useful citizens. Representatives of the organization participate in discussion groups, forums, and panels before interested organizations and on radio and television in order to acquaint the public with the problems encountered by ex-convicts and parolees.

It also furnishes them counsel and financial assistance when needed; helps them secure employment; conducts programs to make them better citizens; helps organize and coordinate the activities of prisoners' aid societies; and disseminates information among such societies. The income of the organization is derived from contributions. All funds are expended for the programs of the organization.

Section 501(c)(3) of the Internal Revenue Code of 1954 provides for the exemption from Federal tax of organizations which are organized and operated exclusively for educational or charitable purposes.

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

Section 1.501(c)(3)-1(d)(3) of the regulations defines the term 'educational' as relating 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. An example in this section states that an organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs may be educational.

By assisting ex-convicts and parolees and by acquainting the public with the problems encountered by such persons, the organization is serving charitable and educational purposes within the meaning of the Code and applicable regulations. Accordingly, the organization is exempt from Federal income tax under 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 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.

This Revenue Ruling restates under current law the position set forth in I.T.2088. Therefore, I.T.2088 is hereby superseded.