

A religious school operating as a center for adults and combining a personal, group, and subject approach to learning has a regular faculty and a regular enrollment of students in attendance at the place where its educational activities are carried on. Therefore, it is an educational organization within the meaning of section 170(b)(1)(A)(ii) of the Internal Revenue Code of 1954 and the special limitation provided in section 170(b)(1)(A) of the Code is applicable to contributions made to it by individual donors.

Advice has been requested whether the organization described below is an educational organization of the type described in section 170(b)(1)(A)(ii) of the Internal Revenue Code of 1954 so that contributions to it are subject to the special limitation provision of section 170(b)(1)(A) of the Code.

The organization operates a center for study and contemplation for adults and offers a group of interrelated courses falling within the common area of thought and religion. The courses are conducted by a faculty, most of whom have authored books or pamphlets in the area of thought and religion. It operates in three regular terms, which span the period from October through mid-June, and also a fourth summer term. The number of students is limited to 40 for the regular terms, and the normal period of enrollment for a student is the three regular terms. The only requirement for admission is readiness to participate responsibly in the program.

Approximately five courses are taught each term and each meets once a week. A student may take all of the courses if he wishes, but must take at least two each term. There are no examinations or grades, but each term a student is expected to concentrate upon a selected project, on which he presents a paper or other form of serious report to the group.

The organization is exempt from Federal income tax under section 501(c)(3) of the Code and contributions made to it are deductible by individual donors to the extent of the general limitation of 20 percent of adjusted gross income as provided by section 170(b)(1)(B) of the Code.

Section 170(b)(1)(A) of the Code provides for an additional deduction not exceeding 10 percent of an individual's adjusted gross income for contributions made to certain organizations, including an educational organization, described in section 170(b)(1)(A)(ii) of the Code.

Section 1.170-2(b)(3)(i) of the Income Tax Regulations provides that an 'educational organization' within the meaning of section 170(b)(1)(A) of the Code is one whose primary function is the presentation of formal instruction and 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.

The organization comes within the meaning of section 170(b)(1)(A)(ii) of the Code, because it has as its primary function the presentation of formal instruction. It normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils and students in attendance at the place where its educational activities are regularly carried on.

Accordingly, the special limitation provision of section 170(b)(1)(A) of the Code, allowing an additional deduction not exceeding 10 percent of an individual's adjusted gross income, is applicable to contributions made by individual donors to the instant organization.