

A nonprofit organization that selects students and faculty members who are interested in a particular foreign history and culture and enrolls them at foreign universities qualifies for exemption under section 501(c)(3) of the Code; Revenue Ruling 67-327 distinguished.

Advice has been requested whether a nonprofit organization formed and operated as described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed to enable students and faculty members of United States schools who have a serious interest or background in a particular foreign history and culture to obtain a better understanding and become more knowledgeable in those matters. The organization accomplishes its purposes by selecting and enrolling qualified individuals in courses of study at foreign universities, arranging for transportation to and from the respective country, and arranging for on-site tours conducted by local scholars to complement classroom study in the particular country. A selection committee ascertains the bona fide nature of the reasons for individuals applying for participation in the organization's program. The organization is financed by fees, grants, and contributions.

Section 501(c)(3) of the Code provides for the 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 provides that the term 'charitable' includes the advancement of education.

Under these circumstances, by selecting and enrolling participants at various foreign universities, arranging for transportation, and arranging tours that complement classroom studies, it is held that the organization is advancing education. Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

The facts set forth above are distinguishable from Revenue Ruling 67-327, C.B. 1967-2, 187, wherein the sole purpose and activity of the organization was to arrange group tours for students and faculty members of a university.

Even though an organization considers itself within the scope of this Revenue Ruling, it 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.