



U. S. TREASURY DEPARTMENT  
WASHINGTON 25

OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
WASHINGTON 25, D.C.  
AND REFER TO

T:R:RBO :1  
CSG

The Virginia Foundation for Architectural  
Education, Incorporated  
728 East Main Street, Room 704  
Richmond 19, Virginia

MAR 3 1958

Gentlemen:

It is the opinion of this office, based upon the evidence presented, that you are exempt from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as it is shown that you are organized and operated exclusively for **charitable and educational purposes.**

Accordingly, you are not required to file income tax returns unless you change the character of your organization, the purposes for which you were organized, or your method of operation. Any such changes should be reported immediately to the District Director of Internal Revenue for your district in order that their effect upon your exempt status may be determined.

You are required, however, to file an information return, Form 990A, annually, with the District Director of Internal Revenue for your district so long as this exemption remains in effect. This form may be obtained from the District Director and is required to be filed on or before the fifteenth day of the fifth month following the close of your annual accounting period.

Contributions made to you are deductible by the donors in computing their taxable income in the manner and to the extent provided by section 170 of the 1954 Code.

Requests, legacies, devises or transfers to or for your use are deductible in computing the value of the taxable estate of a decedent for Federal estate tax purposes in the manner and to the extent provided by sections 2055 and 2106 of the 1954 Code. Gifts of property to or for your use are deductible in computing taxable gifts for Federal gift tax purposes in the manner and to the extent provided by section 2522 of the 1954 Code.

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Education, Incorporated

No liability is incurred by you for the taxes imposed under the Federal Insurance Contributions Act (social security taxes) unless you have filed a waiver of exemption certificate in accordance with the applicable provisions of such Act. In the event you desire social security coverage for your employees or have any questions relating to the filing of a waiver of exemption certificate you should take the matter up with your District Director of Internal Revenue.

Your attention is called to the provisions of section 501(c)(3) of the Internal Revenue Code of 1954 under which your exemption will be revoked if any substantial part of your activities consists of carrying on propaganda, or otherwise attempting, to influence legislation, or if you participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.


For the purpose of applying this ruling to any period with respect to which the Internal Revenue Code of 1954 is not applicable, any reference herein to a provision of the 1954 Code shall be deemed a reference to the corresponding provision of the 1939 Code.

The District Director of Internal Revenue, Richmond, Virginia, is being advised of this action.

You requested a clarification of the statement "unreasonable in amount" relating to the amount of funds which a foundation such as yours may accumulate under the provisions of section 504(a) of the 1954 Code.

Amounts accumulated out of income become unreasonable when more income is accumulated than is needed, or when the duration of the accumulation is longer than is needed, in order to carry out the purpose constituting the basis for an organization's exemption. No rule in terms of percentages can be promulgated which would be applicable in every case. If an organization has a concrete program for the accumulation of income and under the existing circumstances the program is reasonable, the accumulation cannot be said to be unreasonable.

Very truly yours,

  
Chief, ~~Exempt Organizations~~  
Exempt Organizations Branch