



U. S. TREASURY DEPARTMENT  
WASHINGTON 25

OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
AND REFER TO

T:S:EO5

MEM

JAN 2 1953

Berea Colloge

Berea, Kentucky

Gentlemen:

It is the opinion of this office, based upon the evidence presented, that you are exempt from Federal income tax under the provisions of section 101(6) of the Internal Revenue Code as it is shown that you are organized and operated exclusively for 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 Director of Internal Revenue for your district in order that their effect upon your exempt status may be determined.

Contributions made to you are deductible by the donors in computing their taxable net income in the manner and to the extent provided by section 23(o) and (q) of the Code.

Bequests, legacies, devises or transfers, to or for your use are deductible in computing the value of the net estate of a decedent for estate tax purposes in the manner and to the extent provided by sections 812(d) and 861(a)(3) of the Code. Gifts of property to you are deductible in computing net gifts for gift tax purposes in the manner and to the extent provided in section 1004(a)(2)(B) and 1004(b)(2) and (3) of the Code.

It will not be necessary for you to file the annual return of information, Form 990A, generally required of organizations exempt under section 101(6) of the Internal Revenue Code, as you come within the specific exceptions contained in section 54(f) of the Code.

Berea College

In the event you have not filed a waiver of exemption certificate in accordance with the provisions of section 1426(1) of the Code, no liability is incurred by you for the taxes imposed under the Federal Insurance Contributions Act. Tax liability is not incurred by you under the Federal Unemployment Tax Act by virtue of the provisions of section 1607(c)(8) of such Act.

The Director of Internal Revenue for your district is being advised of this action.

Since the information submitted shows that your business activities are substantially related to the performance of your educational functions and further, that substantially all of the work in carrying on such so-called trade or business is performed by your students, you are not required to file Form 990-T for the purpose of reporting income derived therefrom.

Bureau ruling of May 31, 1928, holding you exempt under section 231(6) of the Revenue Act of 1926, which was affirmed April 5, 1938, under the Revenue Act of 1936, is hereby affirmed under section 101(6) of the Internal Revenue Code.

Very truly yours,

Assistant Commissioner

By   
Head, Exempt Organization Branch

Special Technical Services Division