

Department of the Treasury

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Internal Revenue Service

Washington, DC 20224

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Date:

NOV 3 0 1970

In reply refer to:

T:MS:EO:R:4-JAL

The Asia Foundation

550 Kearny Street

San Francisco, California 94108

File

Gentlemen:

This is in reply to a letter dated October 14, 1970, written in your behalf by Mr. Stephen J. Martin requesting rulings that funds received by you from the United States of America are "support from a governmental unit" within the meaning of section 170(b)(1)(A)(vi) of the Internal Revenue Code of 1954, and that you are an organization described under said section.

Section 170(b)(1)(A) of the Code was amended by the Tax Reform Act of 1969 to provide that for the taxable years beginning after December 31, 1969, an individual is allowed a deduction to the extent that the aggregate of his contributions made to organizations described in section 170(b)(1)(A) does not exceed 50 percent of his contribution base. Contribution base is defined as adjusted gross income (computed without regard to any net operating loss carryback to the taxable year under section 172.)

Section 170(b)(1)(A)(vi) of the Code refers to organizations described in section 170(c)(2) which normally receive a substantial part of their support from a governmental unit referred to in section 170(c)(1) of the Code or from direct or indirect contributions from the general public.

The information submitted with your request discloses the following:

You are exempt from Federal income tax as an organization described in section 501(c)(3) of the Code, which is substantially similar to section 170(c)(2), and contributions to you are deductible under section 170 of the Code.

You were incorporated in 1951 under the laws of the state of California, and your purposes are charitable and

educational. Your activities are primarily aimed at assisting Asian institutions and individuals in the cultural, economic and social development of friendly less developed Asian countries and fostering cooperation and understanding among voluntary organizations --- Asian, American, and International --- with similar aims and ideals.

You receive substantial funds in the form of grants from various agencies of the United States government, and you are generally required to administer the funds in accordance with specified terms and conditions. We find that these funds received under the circumstances described constitutes "support from a governmental unit" within the meaning of section 170(b)(1)(A)(vi) of the Code.

For the four taxable years immediately preceding the current taxable year, the total amount of the support which you received from governmental units, from donations made directly or indirectly by the general public, or from a combination of these sources equaled 33 1/3 percent or more of your total support for such four taxable years.

The facts presented indicate that you are a publicly supported organization described in section 170(b)(1)(A)(vi) of the Code. Accordingly, the additional 10 percent limitation provided in section 170(b)(1)(A) of the Code is applicable to contributions made to you by individual donors in the taxable years to which such percentage is applicable. The 50 percent limitation provided in section 170(b)(1)(A) of the Code, as amended by the Tax Reform Act of 1969, is applicable to contributions made to you in the taxable years beginning after December 31, 1969.

Your classification as a publicly supported organization described in section 170(b)(1)(A)(vi) of the Code is based on the assumption that you will continue to operate as evidenced to date. This ruling is predicated on the basis that you will maintain the necessary information to substantiate

The Asia Foundation

-3-

that you receive more than a third of your support from the United States or any state or political subdivision thereof or from direct or indirect contributions from the general public. Any changes in your method of operation or in the character of your support must be reported to your District Director so that he may consider the effect on your classification.

Very truly yours,

J. A. Tedesco
Chief, Rulings Section
Exempt Organizations Branch