

L. Regan

Entered in

Entered in PCG

AUG 1 - 1971

T:MS:EO:R:3

National Foundation on the Art
and Humanities

National Endowment for the Art
National Endowment for the
Humanities

c/o National Council on the Ar
Washington, D. C. 20506

DO 52

Gentlemen:

We have reviewed your enabling legislation and the material accompanying your letter of June 24, 1971, and conclude that you are an organization described in section 170 of the Code.

You were created by Act of Congress, 20 U.S.C. 953, 954, and 956, and funds are appropriated by Congress for your use. The purpose of your establishment was the encouragement and support of national progress and scholarship in the Arts and Humanities, 20 U.S.C. 951. Section 10(a), 20 U.S.C., 959 in part, states:

"For the purpose of the income tax, gift tax, and estate tax laws of the United States, any money or other property donated, bequeathed, or devised to the Foundation or one of its endowments...shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States."

Section 501(c)(1) of the Code provides for the exemption from Federal income tax of corporations organized under Act of Congress, if such corporations are instrumentalities of the United States and if, under such Act, as amended and supplemented, such corporations are exempt from Federal income taxes.

National Foundation on the Arts
and Humanities

Section 170 of the Code provides for the deduction of any charitable contribution payment of which is made within the taxable year, and section 170(c)(1) defines charitable contributions, in part, as a contribution or gift to or for the use of the United States but only if such contribution or gift is made for exclusively public purposes.

Therefore, we conclude that you are not exempt from Federal income tax under the provisions of section 501(c)(1) of the Code because your activities for the encouragement and support of national progress and scholarship in the Arts and Humanities are activities of the United States Government; see Revenue Ruling 67-249, C. B. 1967-2, 179.

We further conclude that contributions to you or for your use are deductible by donors in computing their taxable income in the manner and to the extent provided in section 170 of the Code when such contributions are made for exclusively public purposes, because you are described in section 170(c)(1) of the Code.

You will be listed in subsequent issues of Publication 78.

Sincerely yours,

J. A. [Signature]
Chief, Rulings Section
Exempt Organizations Branch