

109-A- letter saying we are not a private club

Address any reply to: 31 Hopkins Plaza, Baltimore, Md. 21201

Department of the Treasury

Entered in PCG

District Director
Internal Revenue Service

Date: August 14, 1978 In reply refer to: EP:EO:7300

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CAPTAIN'S OFFICE



UNIVERSITY OF TORONTO
215 HURON STREET
TORONTO, ONTARIO M5S 1A2

Form Number: 990
Periods Ended: APRIL 19, 1976

We are pleased to tell you that as a result of our examination for the above periods we will continue to recognize your organization as tax-exempt.

We have indicated below whether there is a change in your liability for the unrelated business income tax as provided by sections 511 through 515 of the Internal Revenue Code.

- ☒ There is no change.
- ☐ You will receive an examination report explaining the proposed adjustments.

Thank you for your cooperation.

Sincerely yours,

Lucas J. Portney
District Director

U. of T.'s IRS # = 98-6001141

D.N.R. # = 0052282-20-13

U.S. I.D. 13-614-20384 by Claire Coleman
Form L-253 (Rev. 4-73)

NOV 8 - 1977

E:EO:7204:M. Schreiber

Telephone: (301) 962-4769

AIR MAIL

University of Toronto
Sirocco Hall
Toronto, Canada
M5S 1A1

Gentlemen:

Thank you for your letter, dated September 30, 1977, in which you requested information on the deductibility of contributions to your school.

Our records indicate that your organization was recognized as exempt from United States income tax under section 101(6) of the Internal Revenue Code of 1939 in a letter dated January 22, 1954. Section 501(c)(3) of the Internal Revenue Code of 1954 corresponds to section 101(6).

Generally, under section 170 of the Internal Revenue Code, contributions made by a United States taxpayer to an organization created or organized in a foreign country, are not allowed as an income tax deduction even though the organization may meet all of the tests of a charitable organization except the place of organization. However, the Income Tax Convention between the United States and Canada contains a provision granting the same tax exemption to certain non-profit organizations created in Canada which applies to non-profit organizations organized in the United States.

The Canadian organization must meet the requirements of the exemption laws of both countries. Contributions to charitable organizations created or organized in Canada and meeting the requirements for exemption under the income tax laws of Canada qualify for deductions for United States income tax purposes if such organizations, had they been created or organized in the United States, meet the requirements for exemption under the income tax laws of the United States. In addition to the limitations on the amount of the deduction imposed by section 170 of the Internal Revenue Code, such deduction may not exceed the amount allowed as a deduction under the Canadian law computed as though the taxpayer's taxable income (in the case of a corporation) or adjusted gross income (in the case of an individual) from sources within Canada was his aggregate income.

University of Toronto

Since you have been determined by the Internal Revenue Service to be exempt from United States income tax as a charitable organization described in section 501(c)(3) of the Code, contributions made to you by United States donors are deductible if the requirements of Article XIII of the Income Tax Convention between the United States and Canada which reads as follows are met:

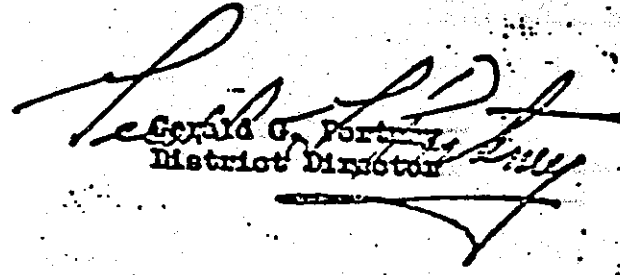
"In the computation of taxable income for any taxable year under the revenue laws of the United States, there shall be allowed as a deduction contributions to any organization created or organized under the laws of Canada (and constituting a charitable organization for the purpose of the income tax laws of Canada) if and to the extent such contributions would have been deductible as a charitable contribution had such organization been created or organized under the laws of the United States: Provided, however, that such deduction shall not exceed an amount determined by applying to the taxpayer's taxable income (in the case of a corporation) or adjusted gross income (in the case of an individual) from sources in Canada the same percentage as is applied by Canada to income in determining the limitation of the deduction for gifts or contributions to charitable organizations of Canada."

The specific replies to your four questions are as follows. First, as noted above, contributions to Canadian universities which have established exempt status under the United States Internal Revenue laws are deductible, subject to the limitations cited, even though made directly to such organizations. Second, since the amount of an allowable deduction is based on a donor's Canadian income, as explained above, United States' citizens or residents without Canadian income would not be allowed a deduction on their tax returns. Third, there are no specific provisions of the law prohibiting direct solicitation of graduates by a Canadian university. Lastly, the designation, earmarking or restriction of a gift to or for the use of an organization formed outside of the United States does not necessarily preclude deductibility of such a donation. Revenue Rulings 63-252, found in Cumulative Bulletin 1963-2, on page 101 and 66-79, found in Cumulative Bulletin 1966-1, on page 48 discuss the entire subject of contributions to foreign organizations and to United States organizations affiliated with foreign organizations. Copies of these rulings are enclosed for your convenience.

University of Toronto

We hope this information is helpful to you.

Sincerely yours,


Gerald G. Portman
District Director

Enclosures

