

Rev. Rul. 75-65

Advice has been requested whether, under the circumstances described below, contributions to a charitable organization are deductible by individual donors under section 170 of the Internal Revenue Code of 1954.

A domestic charitable organization, exempt from Federal income tax under the provisions of section 501(c)(3) of the Code, was formed to deal with the problem of plant and wildlife ecology in a foreign country by returning to that country historic plants and wildlife and by conserving and preserving existing plants and wildlife. To further its purposes, the domestic organization participates in a variety of programs, such as purchasing and preserving animals belonging to endangered species, furthering educational and scientific programs in conservation and environmental management, aiding private groups and educational organizations active in the conservation field, funding exchange programs for students and technicians active in ecological management, and providing technical advice concerning air and water pollution control.

Expenditures for educational purposes are managed and supervised either by the domestic organization's staff in the foreign country or by private charitable organizations organized in the foreign country. The domestic organization maintains control and responsibility over the use of any funds granted a foreign organization by first making a field investigation of the purpose to which the funds will be put, by then entering into a written agreement with the recipient organization, and lastly by making continuous field investigations to see that the money is expended in accordance with the agreement. Any foreign organization that receives financial assistance from the charitable organization is organized and operated in a manner analogous to a United States exempt nonprofit charitable organization and is completely independent of the foreign government.

Section 170 of the Code provides, subject to certain limitations, a deduction for gifts and contributions to or for the use of organizations described in section 170(c), payment of which is made within the taxable year.

Section 170(c)(2) of the Code provides, in part, that the term "charitable contribution" means a gift or contribution to or for the use of a corporation, trust, or community chest, fund or foundation created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States, and organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals.

Example 4 of Rev. Rul. 63-252, 1963-2 C.B. 101, concerns a domestic organization that conducts a variety of charitable activities in a foreign country. Where its purposes can be furthered by granting funds to charitable groups organized in the foreign country, the organization makes such grants for purposes that it has reviewed and approved. The grants are paid from its general funds and, although the organization solicits from the public, no special fund is raised by a solicitation on behalf of particular foreign organizations. The Revenue Ruling holds that contributions by individuals to the organization are deductible under the provisions of section 170 of the Code, since the contributions will not be earmarked in any manner and the use

of the contributions will be subject to control of the organization. Consequently, the organization is considered to be the recipient of such contributions for purposes of applying section 170(c).

Rev. Rul. 66-79, 1966-1 C.B. 48, holds that contributions to a domestic charity described in section 170(c)(2) of the Code that are solicited for a specific project of a foreign charitable organization are deductible under section 170 where the domestic charity has reviewed and approved the project as being in furtherance of its own exempt purposes and has control and discretion as to the use of the contributions. The contributions received by the domestic charity from such solicitations are regarded as for the use of the domestic charity and not for the organization receiving the grant from the charity.

Accordingly, it is held that gifts and contributions made to the domestic charitable organization in the instant case are deductible by individual donors in the manner and to the extent provided by section 170 of the Code.