



U. S. TREASURY DEPARTMENT  
WASHINGTON 25

OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
AND REFER TO

APR 25 1950

IT:P:ER  
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Health Research Foundation  
4525 Southeast 63rd Avenue  
Portland, Oregon

Gentlemen:

Reference is made to the evidence presented in support of your claim to exemption from Federal income tax under the provisions of section 101(6) of the Internal Revenue Code.

The records of the Bureau show that on August 21, 1939, it was held that you are not entitled to exemption from Federal income tax under the provisions of section 101(6) of the Internal Revenue Code and corresponding provisions of the Revenue Acts of 1936 and 1938 and that the ruling was affirmed on February 12, 1941.

The evidence shows that you were incorporated under the laws of the State of Oregon in 1937. Your original articles of incorporation provide generally that your purposes shall be to provide for the advancement of the human healing arts and sciences; to provide proper facilities and equipment for the conduct of scientific research and experimentation in human health and healing; to collect or originate and publish data concerning methods of combating and preventing human disease, to perform charitable healing services to such persons as your officers may from time to time in their discretion determine; to carry on programs of education among your members and others by publications, radio and otherwise; to operate and maintain libraries, laboratories, hospitals and clinics; and to provide housing and facilities for your members and other kindred and like organizations.

In July 1944 your articles of incorporation were amended to enlarge your purposes to include maintaining a college or colleges, for the purpose of giving courses of study, instruction and training in chiropractic, naturopathy or any other drugless method of treating human ailments and issuing and conferring upon qualified persons degrees of Doctor of Chiropractic and Doctor of Naturopathy and other degrees, without profit. Your purpose with respect to providing housing and facilities was amended as follows: "to

2 - Health Research Foundation

construct buildings thereon for the purpose of housing the members of the Foundation and other kindred organizations incorporated and carrying out the objects thereof."

In an affidavit of W. A. Budden, chairman of your Board of Trustees, executed on February 10, 1950, it is stated that the provision in your purposes relative to housing envisions with the growth of your organization the building of dormitories for the students and faculty houses for the teaching staff of the Western States College of Chiropractors and Drugless Physicians and is not to be interpreted as implying the construction of dwelling houses for your members.

On December 31, 1948, you acquired the assets and assumed the liabilities of the Western States College of Chiropractors and Drugless Physicians and have operated the school formerly conducted by that organization since that date. The Western States College of Chiropractors and Drugless Physicians was formally dissolved in January 1949.

It is the opinion of this office, based upon the evidence presented, that beginning January 1, 1949, you are entitled to exemption from Federal income tax under the provisions of section 101(6) of the Internal Revenue Code, as an organization organized and operated exclusively for educational purposes.

Accordingly, you will not be required to file income tax returns for 1949 and subsequent years 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 collector of internal revenue for your district in order that their effect upon your exempt status may be determined.

Furthermore, under substantially identical authority contained in sections 1426 and 1607 of the Code, the employment taxes imposed by such statute are not applicable to remuneration for services performed in your employ beginning January 1, 1949, so long as you meet the conditions prescribed above for retention of an exempt status for income tax purposes.

Contributions made to you beginning January 1, 1949, 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 Internal Revenue Code, as amended.

**3 - Health Research Foundation**

Bequests, legacies, devises or transfers, to or for your use beginning January 1, 1949, are deductible in arriving at 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 beginning January 1, 1949, 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.

Bureau rulings of August 21, 1939 and February 12, 1941, are hereby modified to conform to this ruling.

The collector of internal revenue for your district is being advised of this action.

By direction of the Commissioner.

Very truly yours,

*E. J. McFarney*  
Deputy Commissioner