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subordinate organizations make or have made a timely election under section 3121(w) of the Code to be exempt from such tax. Your subordinate organizations are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since your subordinate organizations are not a private foundations, your subordinate organizations are not subject to the excise taxes under Chapter 42 of the Code. However, your subordinate organizations are not automatically exempt from other federal excise taxes. If your subordinate organizations have any questions about excise, employment, or other federal taxes, please contact the applicable key District Director.

Donors may deduct contributions to your subordinate organizations as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your subordinate organizations are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522.

Donors (including private foundations) may rely on this ruling unless the Internal Revenue Service publishes notice to the contrary. However, if your subordinate organizations lose section 509(a) status as shown above, donors (other than private foundations) may not rely on the classification shown above if they were in part responsible for, or were aware of, the act that resulted in the loss of such status, or they acquired knowledge that the Internal Revenue Service had given notice that your subordinate organization would be removed from that classification. Private foundations may rely on the classification as long as your subordinate organizations were not directly or indirectly controlled by them or by disqualified persons with respect to them. However, private foundations may not rely on the classification shown above if they acquired knowledge that the Internal Revenue Service had given notice that your subordinate organizations would be removed from that classification.

If your subordinate organizations conduct fund raising events such as benefit dinners, auctions, membership drives, etc., where something of value is received in return for contributions, your subordinate organizations can help the donors avoid difficulties with their income tax returns by assisting them in determining the proper tax treatment of their contributions. To do this your subordinate organizations should, in advance of the event, determine the fair market value of the benefit received and state it in the fund raising materials such as solicitations, tickets, and receipts in such a way that the donors can determine how much is deductible and how much is not. To assist your subordinate organizations in this, the Service has issued Publi-

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publication 1391, Deductibility of Payments Made to Organizations Conducting Fund Raising Events. The subordinate organizations may obtain copies of Publication 1391 from applicable key district office.

Your subordinate organizations are not required to file federal income tax returns unless your subordinate organizations are subject to the tax on unrelated business income under section 511 of the Code. If your subordinate organizations are subject to this tax, each must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your subordinate organizations present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Your subordinate organizations are required to make their annual return available for public inspection for three years after the return is due. You are required to make a copy of your group exemption application, and supporting documents, and your exemption letter available for public inspection. Failure to make these documents available for public inspection may subject you and the subordinate organization to a penalty of \$10 per day for each day there is failure to comply. See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

Each year, at least 90 days before the end of your annual accounting period, please send the items listed below to the service center shown above.

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates.
2. A list showing the names, mailing addresses (including postal ZIP codes), actual address if different, and employer identification numbers of subordinates that during that year:
 - a. changed names or addresses;
 - b. were deleted from your roster; or
 - c. were added to your roster.

If you are not a church or church-controlled organization, you will receive a "List of Parents and Subsidiary Accounts," from your service center approximately six months prior to the end of your accounting period. For your convenience, you may use that information to update your list

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of subordinate units. An annotated directory of subordinates will not be accepted for this purpose.

3. For subordinates to be added, attach:
 - a. a statement that the information on which your present group exemption letter is based applies to the new subordinate;
 - b. a statement that each has given you written authorization to add its name to the roster;
 - c. a list of those to which the Service previously issued exemption rulings or determination letters;
 - d. a statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code;
 - e. the street address of subordinates where the mailing address is a P.O. Box; and
 - f. for each subordinate that is a school claiming exemption under section 501(c)(3), the information required by Rev. Proc. 75-50, 1975-2 C.B. 587. Also include any other information necessary to establish that the school is complying with the requirements of Rev. Rul. 71-447, 1971-2 C.B. 230. This is the same information required by Schedule B, Form 1023, Application for Recognition of Exemption under section 501(c)(3) of the Internal Revenue Code.
4. If applicable, a statement that your group exemption roster did not change during the year.

This ruling is based on evidence that the funds of your subordinate organizations are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your subordinate organizations continued exemption, your subordinates should maintain records to show that funds are expended only for those purposes. If your subordinate organizations distribute funds to other organizations, records should be maintained to show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), there should be evidence that the funds will remain dedicated to the required purposes and that they will be used for those purposes by the recipient.

If distributions are made to individuals, case histories regarding the recipients should be kept showing names, addresses, purposes of awards, manner of selection, and relationship (if any) to members, officers, trustees or donors of funds to you and your subordinate organizations, so that any and all distributions made to individuals can be substantiated upon request by the Internal Revenue Service. (Rev. Rul. 56-304 1956-2, C.B. 306.)

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In this letter, we have not determined the effect on the exempt status of your subordinate organizations of financing activities with the proceeds of tax-exempt bonds since you have not indicated that your subordinate organizations intend to use such methods now or in the future.

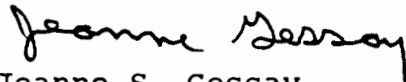
Your subordinate organizations need an employer identification number even if there are no employees. Please use that number on all returns filed by you and your subordinate organizations and in all correspondence with the Internal Revenue Service. We are informing your key District Director of this ruling. Because this letter could help resolve any questions about the exempt status and foundation status of your subordinate organizations, you should keep it in your permanent records.

This determination does not apply to any of your subordinate organizations organized and operated in a foreign country.

Your service center will send you a Group Exemption Number. Please provide your subordinates with the Group Exemption Number. It must be used on any tax or information return required to be filed.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely,



Jeanne S. Gessay
Chief, Exempt Organizations
Rulings Branch 2