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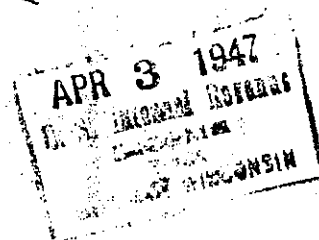
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LJB

Alano Foundation
1012 No. Third Street
Milwaukee, Wisconsin

Gentlemen:



It is the opinion of this office, based upon the evidence presented, that you are exempt from Federal income tax under the provisions of section 101(9) of the Internal Revenue Code and corresponding provisions of prior revenue acts.

Accordingly, you will not be required to file income tax returns 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.

You will be required, however, to file annually an information return on Form 990 with the collector of internal revenue for your district so long as this exemption remains in effect. This form may be obtained from the collector and is required to be filed on or before the 15th day of the fifth month following the close of your annual accounting period.

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

checked

By direction of the Commissioner.

Very truly yours,

LJEmert/ann
3/20/47

Acting Deputy Commissioner.

September 23, 1947

Entered in PCC

Alano Foundation
c/o J. W. Goodman, President
Metropolitan Block
1012 No. Third St., Rm 308
Milwaukee, Wisconsin

Gentlemen:

Reference is made to letters dated May 14, 1947 and July 9, 1947, addressed to this office by August C. Backus, Jr., relative to Bureau ruling dated March 25, 1947, in which you were held to be entitled to exemption under section 101(9) of the Internal Revenue Code and corresponding provisions of prior revenue acts.

It is stated that you believe that you are entitled to exemption under section 101(6) of the Code and if such a ruling would qualify you as a donee of contributions and gifts deductible for Federal income tax purposes under section 23(o) and (q) of the Code, request is made that Bureau ruling of March 25, 1947, be reopened and reconsidered in the light of the additional information submitted.

The evidence discloses that you were incorporated October 15, 1946, in the State of Wisconsin to extend and implement the work of the Alcoholics Anonymous Society in the mental, moral and physical rehabilitation of persons who are chronically addicted to over-indulgence in alcoholic beverages. Membership in your organization is available only to members in good standing of the Alcoholics Anonymous Society.

It has been shown that your activities consist of maintaining club rooms which are open seven days a week equipped with telephones and attendant to render necessary assistance to members of Alcoholics Anonymous, a voluntary association of persons in your locality whose sole purpose is to educate compulsive and uncontrolled drinkers how to overcome their compulsion for liquor and to attempt to rebuild and reset warped emotional patterns through an intensive educational program in which the alcoholic is taught how he can regain his self-respect and live a happy and successful life without the use of alcohol. The education of your members is accomplished through discussion groups, articles, pamphlets, books and meetings bearing upon mankind's accumulated knowledge concerning alcoholism which might be useful to the alcoholic in the solution of his individual problem. Your program includes dissemination of information through writings published by the Alcoholics Foundation, Inc. and Alcoholics Anonymous. Your income which is derived from donations, games and parties is expended for operating expenses.

After a reconsideration of all the facts in the case including those set forth in letters from August C. Backus, Jr., dated May 14, 1947 and July 9, 1947, and in view of the fact that various alcoholics

anonymous organizations have been classified by this office as educational and have been held to be entitled to exemption under Section 101(6) of the Internal Revenue Code and corresponding provisions of prior revenue acts, it is the opinion of this office that you are exempt from Federal income tax under the provisions of section 101(6) of the Internal Revenue Code, as it is shown that you are organized and operated exclusively for educational purposes.

Accordingly, you will not be required to file income tax returns 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 statutes are not applicable to remuneration for services performed in your employ so long as you meet the conditions prescribed above for retention of an exempt status for income tax purposes.

You will be required, however, to file annually, beginning with your current accounting period, an information return on Form 990 with the collector of internal revenue for your district so long as this exemption remains in effect. This form may be obtained from the collector and is required to be filed on or before the fifteenth day of the fifth month following the close of your annual accounting period.

Contributions made to you are deductible by the donors in arriving at 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.

Bequests, legacies, devises or transfers, to or for your use 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 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.

The Collector of Internal Revenue for your district is being advised of this action.

Bureau ruling of March 25, 1947, is hereby modified.

By direction of the Commissioner.

Very truly yours,

Fred S. Martin(signed)

Acting Deputy Commissioner