



U. S. TREASURY DEPARTMENT
WASHINGTON 25

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
WASHINGTON 25, D. C.

AND REFER TO

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JWK

AUG 4 - 1959

Muskingum College
New Concord, Ohio

Attention: J. Knox Montgomery
Vice President and Business Manager

Gentlemen:

We have reached for consideration your letter of April 10, 1959, requesting a statement that Muskingum College is eligible to purchase articles free of Federal excise tax under the temporary rules prescribed under the Excise Tax Technical Changes Act of 1958, Public Law 85-859.

Exemption certificates are required to be furnished as evidence of the right to exemption in the case of the retailers excise taxes, the tax on communications and facilities, and the tax imposed upon the transportation of persons. In each case the certificate must show that the nonprofit educational organization has received a determination letter (or ruling) holding the organization to be exempt from income tax as an organization described in section 501(c)(3) of the Internal Revenue Code.

Records in the National Office disclose that a ruling was issued to Muskingum College on May 8, 1936, holding that the organization was exempt from income tax under prior revenue laws. On December 22, 1943, that ruling was affirmed under section 101(6) of the Code, now section 501(c)(3), and prior revenue acts. The 1936 ruling has not been withdrawn or revoked. Accordingly, you have the required ruling, and the date of May 8, 1936, should be used on the exemption certificates furnished as evidence of right of exemption in purchases involving the aforementioned taxes.

In no instances are registration numbers required to be inserted on exemption certificates. The temporary rules provide for use of such numbers only in prescribing procedures for tax-free sales and purchases as regards the manufacturers excise taxes.

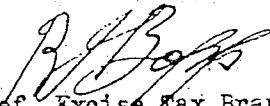
J. Knox Montgomery - 2 -
Vice President and Business Manager

With respect to manufacturers excise tax, articles may be purchased by nonprofit educational organizations direct from the manufacturer tax-free provided both the seller and purchaser are registered as required under temporary rules section 148.1-3(e) and the evidence of tax-free sale required by rules section 148.1-3(f) is furnished. Here too, the organization must be exempt from income tax. Where the organization is not registered, it may, at the time of direct purchase from the manufacturer, furnish such manufacturer with an exemption certificate which would permit the sale to be tax-free in effect. On such sales the manufacturer must report the tax but he is entitled to credit or refund for such tax when he receives the exemption certificate.

Where articles are sold by the manufacturer to dealers, distributors, or others for resale to nonprofit educational organizations, such sales by the manufacturer must be on a tax-paid basis. However, credit or refund of the tax is available to the manufacturer who paid the tax provided he complies with certain provisions of law and he obtains a certificate in the form of that prescribed in Technical Information Release 126, copy of which is enclosed.

We are also enclosing a copy of Treasury Decision 6344 which prescribes the temporary rules discussed above.

Very truly yours,


Chief, Excise Tax Branch

Enclosures:
TIR-126
T.D. 6344