

Exempt organization conducting field study courses. An exempt organization maintaining a regular staff of paid instructors who conduct field study courses related to sociological and physical sciences for a regularly enrolled body of college and secondary school students supplementing their formal classroom studies is a nonprofit educational organization exempt from retailers, manufacturers, and communications excise taxes.

Advice has been requested whether the organization described below is a 'nonprofit educational organization' for purposes of the Federal excise tax exemptions provided by sections 4057(a), 4221(a)(5), and 4294(a) of the Internal Revenue Code of 1954.

The organization was established to conduct educational field study trips for college and secondary school students. The organization offers field study courses related to the sociological and physical sciences, and provides field experience in the environmental and ecological disciplines. The courses act to supplement the students' formal classroom studies. The courses are offered continually throughout the year, range from one week to one month in length, and combine lectures with actual inspection of the outdoor subject matter being studied.

The organization maintains a regular staff consisting of certified college and secondary school instructors, and conducts field study trips both independently and in joint sponsorship with local schools and colleges. Examinations are given in connection with such field study courses and some schools and colleges offer academic credit to students successfully completing such courses.

The organization is exempt from Federal income tax under section 501(a) of the Code, as an organization described in section 501(c)(3).

There are no restrictions against admissions based on race and the organization has a racially nondiscriminatory policy as to students within the meaning of Rev. Rul. 71-447, 1971-2 C.B. 230.

Sections 4057(a) and 4221(a)(5) of the Code provide that, under regulations prescribed by the Secretary of the Treasury or his delegate, no retailers excise taxes or manufacturers excise taxes shall be imposed on sales of taxable articles to a nonprofit educational organization for its exclusive use or, in the case of a tax imposed by section 4041, with respect to the use by a nonprofit educational organization of any liquid as a fuel.

Section 4294(a) of the Code provides that, under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under section 4251 on any amount paid by a nonprofit educational organization for services or facilities furnished to such organization.

Under the provisions of sections 4057(b), 4221(d)(5), and 4294(b) of the Code, the term 'nonprofit educational organization' means an educational organization described in section 170(b)(1)(A)(ii) that is exempt from income tax under section 501(a). Section 170(b)(1)(A)(ii) describes an educational organization as an organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term 'nonprofit educational organization' also includes a school operated as an activity of an organization described in section 501(c)(3) that is exempt from income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

In the instant case, the organization's primary function is educating students by providing them with field study experience related to their particular areas of concern. Since the organization offers courses that are all related to the sociological and physical sciences, that provide field study experience in the environmental and ecological disciplines, and that are designed to supplement students' other formal classroom studies, it maintains a curriculum for purposes of section 170(b)(1)(A)(ii) of the Code even though there is little formal classroom instruction. See Rev. Rul. 72-430, 1972-2 C.B. 105.

The organization maintains its own staff of paid instructors as a regular faculty. In addition, for each complete field study trip there is a regularly enrolled body of pupils or students in attendance. Thus, although the place where the organization's educational activities are carried on will generally be in the field rather than in the classroom, the organization meets the section 170(b)(1)(A)(ii) requirements of normally maintaining a regular faculty and curriculum, and normally having a regularly enrolled body of pupils in attendance at a place where its educational activities are carried on. See Rev. Rul. 73-434, 1973-2 C.B. 71, which holds that an outdoor survival school meets the requirements of section 170(b)(1)(A)(ii).

Accordingly, the organization is a 'nonprofit educational organization' within the meaning of sections 4057(b), 4221(d)(5), and 4294(b) of the Code. Therefore, the exemptions from the retailers excise taxes and the manufacturers excise taxes provided by sections 4057(a) and 4221(a)(5), and the exemption from the communication taxes provided by section 4294(a), apply to sales of taxable articles or communications services to the organization.