June 1, 2020

To Whom It May Concern:

As detailed in the attached correspondence from our tax counsel, the Internal Revenue Service (IRS) has determined that Indiana University (University) is a governmental entity that is exempt from income tax (outside of Section 501(a) of the Internal Revenue Code (Code)).

Further, as a part of the submission to the IRS showing the University was exempt from federal income tax outside of Code Section 501(a), the University was required to detail its basis for continued federal tax exemption. The University documented that it was either a political subdivision or an integral part of the State of Indiana for federal tax purposes.

Due to this status, the University is exempt from federal income tax as a governmental organization on income related to its primary mission of teaching, research and public service. Income derived beyond its mission will be taxed at the corporate rates as unrelated business income. Furthermore, as provided in Code Section 170(c)(1), the University’s governmental status means that the University is an eligible recipient of charitable contributions for federal income, estate and gift tax purposes.

If further clarification is required on the tax-exempt status of Indiana University, please contact the Office of the Controller, contact listed below.

Cassandra Amadio

Cassandra Amadio, CPA
taxpayer@iu.edu
Associate Controller & University Chief Accountant
June 1, 2020

Indiana University
211 Bryan Hall
107 South Indiana Avenue
Bloomington, IN 47405

RE: Tax Exempt Status of Indiana University

To Whom It May Concern:

This letter provides an update regarding the federal tax status of Indiana University (the “University”). In May 1968, the Internal Revenue Service (the “Service”) recognized the University as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In December 2019, the University, as a governmental entity, submitted a determination request to the Service to voluntarily terminate its determination letter as an entity recognized as exempt under Code Section 501(c)(3).

The December 2019 submission was made in accordance with the procedures outlined in Revenue Procedure 2019-05. Section 3.01(12) of Rev. Proc. 2019-05 provides that the Service will not approve a request to voluntarily relinquish exempt status under Code Section 501(c)(3) unless the request comes from a government entity that provides “documentation that the organization is not subject to income tax, other than under Section 501(a).” As a part of its determination request, the University submitted documentation that the University was either a political subdivision or an integral part of the State of Indiana. Both political subdivisions and integral parts of a State are exempt from federal income tax and can receive charitable contributions. See Rev. Rul. 87-2, 1987-1 C.B. 18; Rev. Rul 79-323, 1979-2, C.B. 106; Rev. Rul. 71-131, 1971-1 C.B. 28; Rev. Rul. 71-132, 1971-1 C.B. 29; Priv. Ltr. Rul. 200307065 (Nov. 2002).

To date, neither the University nor Ice Miller LLP, as the University’s tax counsel on this matter, has been contacted by or received questions from the Service regarding its submission or documentation detailing it was a political subdivision or integral part of the State. In May 2020, it was discovered that the University had been removed from Service Publication 78, which lists entities that the Service recognizes as exempt under Code Section 501(c)(3). At this point, on behalf of the University, we contacted the Service to determine the status of the University’s request. During this call, an agent with the Service confirmed that the University’s request for voluntary relinquishment of its Code Section 501(c)(3) status had been approved retroactive to the date of its submission in December 2019. The agent further indicated that correspondence from the Service confirming such revocation had been sent in March 2020. Neither the
University nor its counsel has received this letter to date and have requested that the Service re-issue the letter; it has not yet been received.

While such correspondence from the Service has not yet arrived, since the Service’s agent confirmed that the Service accepted the University’s request for voluntary relinquishment of its Code Section 501(c)(3) status, pursuant to Rev. Proc. 2019-05, the Service has made the determination that the University is a governmental entity that continues to be exempt from income tax, other than through Code Section 501(a).

If you have any questions, please feel free to contact me at the number above.

Very truly yours,

ICE MILLER LLP

Matthew J. Ehinger