

## SECTION 1. PURPOSE

The purpose of this Revenue Procedure is to set forth rules under which private foundations may continue to rely on ruling letters approving their employer-related scholarship programs under section 4945(g)(1) of the Internal Revenue Code of 1954 that were issued prior to December 27, 1976, the date of publication of Rev. Proc. 76-47, 1976-2 C.B. 670.

## SEC. 2. BACKGROUND

.01 Sections 4.01-4.08 of Rev. Proc. 76-47 provide guidelines for use in determining whether a grant made by a private foundation under an employer-related grant program to an employee or to a child of an employee of the particular employer to which the program relates is a scholarship or fellowship grant subject to the provisions of section 117(a) of the Code. A determination that grants under such a program qualify as scholarships or fellowships under section 117(a) is a prerequisite for obtaining approval of such programs under section 4945(g)(1). Under section 4945(d)(3), grants awarded under a private foundation employee-related scholarship program constitute taxable expenditures unless the grants are awarded pursuant to a procedure approved in advance by the Service under section 4945(g)(1).

.02 Prior to the publication of Rev. Proc. 76-47, many private foundations obtained ruling letters approving their employer-related scholarship grant programs under section 4945(g)(1) of the Code. Some of these programs do not conform in all respects to the guidelines set forth in Rev. Proc. 76-47.

## SEC. 3. RULES FOR RELIANCE

.01 A private foundation that holds a ruling letter issued before December 27, 1976, approving its employer-related scholarship program under section 4945(g)(1) of the Code, may continue to rely on the ruling letter provided its scholarship program fully complies with sections 4.01-4.08 of Rev. Proc. 76-47 continuously from the date on which the ruling letter was issued. Upon written request, the Service will issue a current ruling letter affirming the qualification of the scholarship program under the relevant portions of Rev. Proc. 76-47.

.02 Pursuant to the authority contained in section 7805(b) of the Code, where a private foundation holds a ruling letter issued before December 27, 1976, approving its employer-related scholarship program and where its scholarship program does not fully comply with sections 4.01-4.08 of Rev. Proc. 76-47, the private foundation may rely on the ruling letter through March 31, 1978.

.03 Scholarship programs modified to conform with sections 4.01-4.08 of Rev. Proc. 76-47 should be submitted for advance approval under section 4945(g)(1) of the

Code in accordance with section 53.4945-4 of the Foundation Excise Tax Regulations.

#### SEC. 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 76-47 amplified.