

way, the sale of products and articles produced by handicapped persons being rehabilitated by a foundation was considered to be related income, since the sale in the production contributed importantly to the accomplishment of the rehabilitation of the handicapped.

In the case of an experimental dairy herd maintained for scientific purposes by an organization described in section 501 (c) (3) foundation income from the sale of milk and cream produced in the ordinary course of operation would not be gross income from unrelated sources of income. On the other hand, the Treasury stated that if the organization were to manufacture ice cream, pastries and the like, that the sale would be considered income from these products and would be unrelated trade or business income.

The Treasury is constantly attempting to reduce the scope of related business income. In one of their recent attempts they revised the regulations on unrelated business income to include advertising revenue derived by tax-exempt magazines. The