

Code). In practice, institutions have been exempted from the domestic tax when they charter buses for field trips for their students, send students or teachers to conferences or seminars, and send professors on research assignments.

We agree with the Treasury Department's proposal that this exemption be extended to international travel and, in addition, we recommend that this exemption be broadened to make all organizations, recognized by the Internal Revenue Service as nonprofit, exempt from the 5-percent transportation tax on international transportation necessary for their educational exchange programs. We believe that appropriate definitions can be found to accomplish this objective.

The broader exemption is clearly needed in order to preclude heavy taxation on educational travel on an international scale. Domestic field trips or conferences for students may be normally arranged by the institution itself, but for purely administrative reasons an overseas educational experience may need to be arranged by a national educational organization with overseas contacts rather than by a local high school, college or university. The institution, therefore, will normally turn to the type of nonprofit organization represented in the Council's membership. Thus, a local high school may arrange an educational trip for its students to Washington, D.C., but if their students are to go abroad, they will need to go through a national agency such as American Field Service. Teachers may be sent to national conferences by their schools, but may need to arrange an overseas educational program through national organizations, such as the National Education Association. Professors may secure funds from their university for trips within the United States, but may need the support of foundations or national organizations for overseas study or research.

We therefore strongly recommend that all nonprofit organizations and institutions arranging educational activities overseas be exempt from the proposed international transportation tax on such international transportation as is essential to the completion of these educational activities.

2. A second problem relating to the transportation tax has to do with transportation of foreign students and professors who are visiting the United States. It is clearly not the intent of the proposed legislation to restrict or handicap visitors to the United States. There are, however, certain situations not specifically covered in the present regulation which would operate to the disadvantage of students and professors coming from abroad.

(a) In a number of programs students, teachers and professors who come to the United States for educational visits have their international transportation purchased for them in the United States by U.S. educational institutions or organizations. We recommend that such transportation be exempt from the international transportation tax.

(b) Foreign students who are studying at U.S. universities may desire to return to their home countries for visits during the summer vacation period. The source of such funds normally lies outside the United States and these students should be allowed to purchase their transportation in the United States rather than having it purchased for them abroad. We would recommend that such transportation be exempt from the proposed international transportation tax.

(c) Foreign students and professors studying or teaching in the United States may wish to purchase their return transportation in