***Estate of Anita McCormick Blaine, Deceased, Anne Blaine Harrison and Richard Bentley, Executors, Petitioners, v. Commissioner of Internal Revenue, Respondent, 22 T.C. 1195 (1954)***

To qualify for a charitable contribution deduction, a foundation must be organized and operated exclusively for educational purposes, not primarily to advocate for a specific political outcome.

**Summary**

The Estate of Anita McCormick Blaine sought deductions for income and gift taxes related to donations made to the Foundation for World Government. The Internal Revenue Service (IRS) disallowed the deductions, arguing the foundation was not organized and operated exclusively for educational purposes. The U.S. Tax Court sided with the IRS, holding that the foundation's primary goal was to promote world government, even though it engaged in some educational activities. Because the foundation's activities were directed toward a political objective rather than solely for educational reasons, the court denied the deductions, as the foundation failed to meet the statutory requirements for tax-deductible contributions under the Internal Revenue Code of 1939.

**Facts**

Anita McCormick Blaine established the Foundation for World Government in 1948, with the aim of promoting world peace through a world government. The foundation's trustees, including Blaine, were active in the world government movement. Blaine transferred substantial funds to the foundation, including shares of stock and cash. The foundation made grants to various organizations and individuals, some of which were directly involved in advocating for world government. Initially, the foundation's primary focus was on supporting the movement for world government. Later, the foundation shifted its focus to grants for studies and research related to world government, which the court recognized as the closest activities the foundation did for education.

**Procedural History**

The Commissioner of Internal Revenue determined deficiencies in Blaine's gift and income taxes, disallowing the deductions claimed for contributions to the Foundation for World Government. Blaine's estate filed a petition in the U.S. Tax Court challenging the Commissioner's decision. The Tax Court reviewed the case to determine whether the foundation was eligible to receive tax-deductible contributions under the Internal Revenue Code.

**Issue(s)**

Whether the gifts made by Anita McCormick Blaine to the Foundation for World Government are deductible from her gross income and for gift tax purposes under

© 2025 SCOTUSreports.com. All rights reserved. 

sections 23(o)(2) and 1004(a)(2)(B) of the Internal Revenue Code of 1939, respectively, as contributions to an “educational” organization?

## Holding

No, because the Foundation for World Government was not organized and operated exclusively for educational purposes within the meaning of sections 23(o)(2) and 1004(a)(2)(B) of the Internal Revenue Code of 1939.

## Court’s Reasoning

The Tax Court focused on the statutory requirements that the foundation be both organized and operated exclusively for educational purposes. The court held that the foundation was not organized and operated exclusively for educational purposes because the dominant aim was to promote world government, and the educational activities were secondary. The court noted that “the imperative task for which the fund is established is to spread the movement for world unity as rapidly as possible.” The early grants were primarily given to organizations that supported world government, which the court determined were not educational in nature. The court also stated that even the research grants were merely a means to promote the political objective of world government. The court emphasized that the determination hinged on whether the organization met both the ‘organized’ and ‘operated’ tests. Because the dominant aim was to bring about world government, the foundation failed to qualify, despite some activities that could be considered educational.

## Practical Implications

This case underscores the importance of a charitable organization’s primary purpose. To qualify for tax deductions, an organization must demonstrate that its educational activities are more than just incidental to its main objectives. Organizations aiming to influence political outcomes or promote specific ideologies must structure their activities carefully. The court’s emphasis on both ‘organized’ and ‘operated’ exclusively highlights that, even if the articles of incorporation appear to be for educational purposes, actual operations must align. Attorneys advising charitable organizations must carefully review the organization’s activities and ensure they align with its stated educational purpose. Organizations engaging in advocacy or political action face limitations on the deductibility of contributions, and this case provides a framework for analyzing their eligibility.

© 2025 SCOTUSreports.com. All rights reserved. 