

413.

APPROVAL, NOTES OF NEW CONCORD-UNION RURAL SCHOOL DISTRICT, MUSKINGUM COUNTY, OHIO, \$8,573.00.

COLUMBUS, OHIO, March 28, 1933.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

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414.

APPROVAL, NOTES OF HOMER RURAL SCHOOL DISTRICT, MORGAN COUNTY, OHIO, \$5,501.00.

COLUMBUS, OHIO, March 29, 1933.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

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415.

ENDOWMENT BOND—DEFINITE INCOME PAID DONOR BY COLLEGE DURING HIS LIFE—TAXED AS A PURCHASED ANNUITY.

*SYLLABUS:*

*An endowment bond issued by a college or other similar institution, in which, in consideration of the payment to such institution of a certain stated sum of money or the transfer to it of property of a certain stated value, provision is made for the payment to the donor of a certain definite sum of money annually, or at shorter periodical stated times without reference to the amount of interest, profits or other income received by such institution from the money or property paid or transferred to it, is a purchased annuity within the meaning of section 5389, General Code, and the income yield of such annuity for the purpose of taxation should be determined by taking four per centum of one-half of the amount of money or of the value of the property used in purchasing such annuity.*

COLUMBUS, OHIO, March 29, 1933.

*The Tax Commission of Ohio, Columbus, Ohio.*

GENTLEMEN:—You recently submitted to me copies of two annuity bonds, so-called, heretofore issued by Mt. Union College to one Ross P. Buchanan, with a request for my informal opinion with respect to the manner in which the income yield on these bonds is to be determined for purposes of taxation.

The first of these annuity bonds is one issued by Mt. Union College under date of December 31, 1917. From the provisions of this bond, it appears that, in consideration of the sum of ten thousand dollars paid to the college by Ross P. Buchanan as an addition to the endowment fund of the college, said Mt. Union College agreed and obligated itself to pay to Ross P. Buchanan or to his wife, Lizzie Buchanan, the sum of two hundred and fifty dollars semi-annually so long as the said Ross P. Buchanan or Lizzie Buchanan shall live,