

Veterans Organizations

To be exempt under Internal Revenue Code section 501(c)(19), an organization must be either (A) a post or organization of past or present members of the United States Armed Forces (USAF); (B) an auxiliary unit or society of such post or organization; or (C) a trust or foundation for such post or organization.

A veterans' post or organization must meet the following requirements to be exempt under section 501(c)(19):

1. It must be organized in the United States or any of its possessions.
2. At least 75 percent of its members must be past or present members of the USAF.
3. At least 97.5 percent of its members must be--
 - (a) present or former members of the USAF;
 - (b) cadets (including only students in college or university ROTC programs or at Armed Services academies); or
 - (c) spouses, widows, widowers, ancestors, or lineal descendants of individuals referred to in (a) or (b).
4. It must be operated exclusively for one or more of the following purposes:
 - to promote the social welfare of the community (i.e., to promote the common good and general welfare of the people of the community);
 - to assist disabled and needy war veterans and members of the USAF and their dependents, and the widows and orphans of deceased veterans;
 - to provide entertainment, care, and assistance to hospitalized veterans or members of the USAF;
 - to carry on programs to perpetuate the memory of deceased veterans and members of the USAF and to comfort their survivors;
 - to conduct programs for religious, charitable, scientific, literary, or educational purposes;
 - to sponsor or participate in activities of a patriotic nature;
 - to provide insurance benefits for members or their dependents; or
 - to provide social and recreational activities for members.
5. No part of its net earnings may inure to the benefit of any private shareholder or individual.

An organization may be exempt under section 501(c)(19) as an auxiliary unit or society of a veterans' post or organization if it meets the following requirements:

1. It is affiliated with, and organized in accordance with the bylaws and regulations of, a veterans' post or organization described above.
2. At least 75 percent of its members are veterans, spouses of veterans, or related to a veteran within two degrees of consanguinity (i.e., grandparent, brother, sister, grandchild, represent the most distant allowable relationships).
3. All of its members are either members of a veterans' post or organization described in (A) above, or spouses of a member of such post or organization, or are related to a member of such post or organization within two degrees of consanguinity.
4. No part of its net earnings inures to the benefit of any private shareholder or individual.

An organization may be exempt under section 501(c)(19) as a trust or foundation for a veterans' post or organization if it meets the following requirements:

1. It is valid under local law and, if organized for charitable purposes, has a dissolution provision described in section 1.501(c)(3)-1(b)(4) of the Income Tax Regulations.
2. The corpus or income cannot be diverted or used other than to fund a veterans' post or organization for charitable purposes or as an insurance set-aside.
3. The trust income is not unreasonably accumulated.
4. It is organized exclusively for one or more of those purposes enumerated above for which a veterans' post or organization itself may be organized.

Note: For taxable years beginning on or before November 11, 2003, slightly different membership requirements apply under section 501(c)(19).