

The Internal Revenue Code section 501(c) includes two subsections [501(c)(19) and 501(c)(23)] which provide for tax-exemption under section 501(a) for organizations that benefit veterans of the United States Armed Forces. Internal Revenue Code section 7701(a)(15) defines “Armed Forces of the United States” to include all regular and reserve components of the uniformed services which are subject to the jurisdiction of the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force, and each term also includes the Coast Guard.

To be exempt under Internal Revenue Code section 501(c)(19), an organization must be either:

- a post or organization of past or present members of the United States Armed Forces
- an auxiliary unit or society of such post or organization
- or 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 United States Armed Forces
3. At least 97.5 percent of its members must be:
 - present or former members of the United States Armed Forces,
 - cadets (including only students in college or university ROTC programs or at Armed Services academies) or
 - spouses, widows, widowers, ancestors, or lineal descendants of individuals referred to in the first or second bullet
4. It must be operated exclusively for one or more of the following purposes:
 - to promote the social welfare of the community (e.g., 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 United States Armed Forces and their dependents - and the widows and orphans of deceased veterans
 - to provide entertainment, care, and assistance to hospitalized veterans or members of the United States Armed Forces
 - to carry on programs to perpetuate the memory of deceased veterans and members of the United States Armed Forces and 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.