



Veterans' Organizations

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.

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 members are either members of a veterans' post or organizations described 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 earning 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, and a substantial portion of the income is distributed to such veteran post or organization, or for exclusively religious, charitable, scientific, literary, educational or prevention of cruelty to children or animal purposes
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).

To be exempt under Code section 501(c)(23), an organization must meet the following requirements:

1. It is an association organized before 1880
2. More than 75 percent of its members are past or present members of the United States Armed Forces and
3. It has a principal purpose of providing insurance and other benefits to veterans or their dependents

Tax treatment of donations: Donations to war veterans' organizations are deductible as charitable contributions on the donor's federal income tax return. At least 90% of the organization's membership must consist of war veterans. The term war veterans means persons, whether or not present members of the United States Armed Forces, who have served in the United States Armed Forces during a period of war (including the Korean and Vietnam conflicts, the Persian Gulf war, and later declared wars).

Depending on their organization and purposes, veterans' organizations may also be recognized as tax-exempt under the following sections of the Internal Revenue Code:

- 501(c)(4) - social welfare organizations
- 501(c)(7) - social clubs
- 501(c)(8) - fraternal beneficiary societies
- 501(c)(10) - domestic fraternal societies
- 501(c)(2) - title holding corporations

For more information on the requirements for exemption under the code sections listed above, click on the appropriate Contents link (left column, this page) or see [Publication 3386](#), Tax Guide for Veterans' Organizations and [Publication 557](#), Tax Exempt Status for Your Organization. For more information about how to apply for recognition of exemption, see [Application for Recognition of Exemption](#).

Also review recorded presentation: [Veterans Organizations - Help from the IRS on Key Rules](#)

Additional information regarding the business activities of veterans' organization may be found in [Publication 598](#), Tax on Unrelated Business Income of Exempt Organizations, and [Publication 3079](#), Tax Exempt Organizations and Gaming.