



*Do Not Destroy*  
U. S. TREASURY DEPARTMENT

WASHINGTON 25

*Important*

*JH*

OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

NOV 4 - 1954

ADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
WASHINGTON 25, D. C.

AND REFER TO  
T:R:PEO:S  
FCB

The Society of American Military Engineers  
Mills Building  
Washington, D. C.

Gentlemen:

We have your letter dated September 14, 1954, with which you submitted information for use in determining your status and that of your subordinate posts for Federal income tax purposes under the provisions of section 501(c)(3) of the Internal Revenue Code of 1954.

It is held, based upon the information presented, that you and your subordinate posts appearing on the list submitted with your letter of September 14, 1954, are exempt from Federal income tax under the provisions of section 501(c)(3) of the Code, as it is shown that you and such posts are organized and operated exclusively for educational and scientific purposes.

Accordingly, it will not be necessary for you and your subordinate posts referred to above to file income tax returns so long as there is no change in your character, purposes, or method of operation, or that of such posts. Any such changes should be reported immediately to the National Office of the Internal Revenue Service in Washington, D. C., in order that their effect upon your present exempt status or that of your posts may be determined.

However, you and your subordinate posts are required to file annually information returns on Form 990A with your respective District Directors of Internal Revenue so long as the exemption remains in effect. This form may be obtained from the District Director and is required to be filed on or before the fifteenth day of the fifth month following the close of your respective annual accounting periods.

Contributions made to you and the posts listed are deductible by donors in computing their taxable income in the manner and to the extent provided by section 170 of the Code of 1954.

Bequests, legacies, devises, or transfers, to or for your use or to or for the use of the posts referred to above are deductible in arriving at the value of the net estate of a decedent for estate tax purposes in the manner and to the extent provided by sections 2055 and 2106(a)(2) of the Code. Gifts of property to you and to such posts are deductible in comput-

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ing net gifts for gift tax purposes in the manner and to the extent provided in section 2522(a) and (b) of the Code.

In the event you and your posts listed have not filed waiver of exemption certificates, no liability is incurred by you or them for the taxes imposed under the Federal Insurance Contributions Act. Tax liability is not incurred by you and such posts under the Federal Unemployment Tax Act.

You should furnish the National Office annually, on the calendar year basis, lists, in duplicate, showing only the names and addresses of any new unincorporated posts chartered by you during the year, and the names and addresses of any posts which for any reason have ceased to exist. Such annual lists should be accompanied by a statement by one of your principal officers as to whether the information heretofore submitted by you, and on which this ruling is based, is applicable in all respects to the new subordinate posts appearing on the lists. This information should be forwarded so as to reach the National Office not later than February 15 of the following year.

Our ruling dated May 28, 1925, in which you were held to be exempt from Federal income tax under the provisions of section 231(6) of the Revenue Act of 1924, and our ruling of December 7, 1938, which affirmed that ruling under the Revenue Act of 1936, are hereby affirmed.

The District Directors of Internal Revenue for your respective districts are being advised of this action.

Very truly yours,

*P. Henry Needham*

Chief, Pensions and  
Exempt Organizations Branch