

Your recent email inquiry seeking information on sales tax exemptions in regards to veterans' organizations has been forwarded to the Michigan Department of Treasury's Tax Policy Division for response. You indicate that your organization is a 501(c)(19) organization under the Internal Revenue Code and that you have been told that it is not exempt from Michigan sales tax.

No provision in Michigan's General Sales Tax Act provides an exemption specifically for The American Legion or for an organization qualified under Section 501(c)(19) of the Internal Revenue Code.

Section 4a(1)(a) of the General Sales Tax Act (MCL 205.54a(1)(a)) provides exemption from sales tax for a sale of tangible personal property not for resale to a nonprofit school, nonprofit hospital, or nonprofit home for the care and maintenance of children or aged persons operated by a veterans' organization, if the income or benefit from the operation does not inure, in whole or in part, directly or indirectly, to an individual or private shareholder, and if the activities of the entity are carried on exclusively for the benefit of the public at large and are not limited to the advantage, interests, and benefits of its members or any restricted group. Additional guidance for this exemption is found in administrative rule AC 1979, R 205.140.

Section 4q of the General Sales Tax Act (MCL 205.54q) exempts the sale of tangible personal property not for resale to:

- (a) a health, welfare, educational, cultural arts, charitable, or benevolent organization not operated for profit that has been issued an exemption ruling letter to purchase items exempt from tax before July 17, 1998 signed by the administrator of the sales, use, and withholding taxes division of the department, or;
- (b) an organization not operated for profit and exempt from federal income tax under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

As you can see, while MCL 205.54q exempts certain sales to "501(c)(3)" and "501(c)(4)" organizations, there is no similar exemption for a "501(c)(19)" organization.

If you have additional questions, please feel free to contact me by telephone at 517-373-9600 or by email at [eschelbachm@michigan.gov](mailto:eschelbachm@michigan.gov).

Mike Eschelbach  
Administrative Law Specialist  
Tax Policy Division  
Michigan Department of Treasury  
ph.( 517) 373-9600