

We have learned of an IRS Manual 4.76.26. Part four deals with veterans organizations. This requires posts to maintain dates of service and character of service. It also adjusts the examination or audit process and provides a great deal of information for same. A copy is available on The American Legion National website at:

<http://www.legion.org/dispatch/216767/irs-rules-legion-posts>

or on the IRS website at:

http://www.charitableplanning.com/cpc_1971274-1.pdf.

Note that references to social members do not apply to The American Legion because they are prohibited in our organization.

Information regarding the penalty:

http://www.irs.gov/irm/part20/irm_20-001-008r.html

20.1.8.2.5 (08-16-2011)

IRC 6711 Failure to Disclose Availability of Information or Service from Federal Government

1. IRC 6711 provides that when a tax-exempt organization offers to sell (or solicits money for) specific information or offers to provide routine service for any individual that could be readily obtained by such individual free of charge (or for a nominal charge) from an agency of the federal government, the tax-exempt organization must, when making such offer or solicitation make "an express statement" in a conspicuous and easily recognizable format that the information can be obtained from the federal government.
2. Material and/or services available from the federal government for less than \$10.00, including postage and handling costs, meet the nominal charge requirement.
3. The failure to make such express statement is due to the intentional disregard of this requirement.
4. This penalty is assessed on Form 8278.
5. See IRM 20.1.1.4 for post-assessment appeal procedures.
6. The penalty may **not** be waived for reasonable cause.
7. **For each day a failure occurred, the penalty shall be the greater of:**
 - A. **\$1,000 per day, or**
 - B. **50 percent of the daily combined cost for all the offers and solicitations where a failure to disclose occurred.**
8. There is no maximum amount of penalty.
9. Consider the following when determining the day a failure to meet the requirement occurred.

IF the solicitation was...	THEN the failure occurs when the solicitation is...
by television or radio	televised or broadcast.
by mail	mailed.
not by mail but in written or printed form	distributed.
by telephone	made.

Sincerely,

P.B. Onderdonk, Jr.
National Judge Advocate