Section G. Taxes

Introduction	This section presents information on taxes purely for guidance and is not authority for any tax actions. The IRS has determined the Auxiliary and all of its units (not including any corporations) are an integral part of the Federal Government. Auxiliary units are not required to file State or Federal income tax returns.
G.1. Tax Liability for Auxiliary Units	In addition to the exemption from filing Federal and State income tax returns and paying Federal and State income taxes, Auxiliary units may also be exempt from payment of State sales and use taxes on items the Auxiliary unit purchases. The granting of State sales and use tax exemptions varies from State-to-State, and generally requires the issuance of a State Sales Tax Exemption number. The exemption, if granted, may only be used for the purchase of Auxiliary unit property, which is paid for with unit funds, and is not available for individual purchases by Auxiliarists. In some cases, the exemption is only available if the purchase is made with a Government purchase order and paid for by Government check or credit card. Generally, the sales tax exemption for each state has been applied for by the Auxiliary National Legal Directorate or appropriate DSO-LP, who maintains records of the sales tax exemption status for each state. In addition, the appropriate DSO-LP will be able to provide information and guidance to Auxiliary unit leaders.
G.2. Sale of Items to Others	Auxiliary units that sell items to others may be required to collect, report, and remit State sales tax on such sales. Requirements vary from State-to-State. Specific guidance must be sought from the DSO-LP.
G.3. General Tax Information	Federal income tax regulations allow deductions for certain unreimbursed expenses. No deduction is allowable for a contribution of services or for expenses to the extent reimbursed by the Coast Guard or Auxiliary. To help determine if the expense is deductible, Auxiliarists should keep accurate records of unreimbursed expenditures. Remember, the IRS will not allow deductions for unreasonable expenditures.
G.3.a. Authorized Coast Guard or Auxiliary Activities	Out-of-pocket expenses incurred in the performance of authorized Coast Guard or Auxiliary activities to the extent not reimbursed, may be deductible as a charitable contribution for Federal income tax purposes.
G.3.b. Dues and Donations	The payment of dues and donations of money or property to the Auxiliary are also deductible.

G.3.c. Meals and Lodging	Reasonable expenditures for meals and lodging incurred, while away from home on Coast Guard or Auxiliary business, may also be deductible in accordance with current IRS regulations.
G.3.d. Automobile Gas, Parking, and Tolls	Unreimbursed expenditures for gas, oil, etc. and for operating an automobile may be deductible. A pro rata portion of general repair, maintenance, depreciation, and insurance expenses is not. If you do not deduct your actual expenses, you may use the current cent-per-mile rate to determine your contribution. Parking fees and tolls may be deductible in addition to the mileage computation.
G.3.e. Uniform Costs	Auxiliarists may also deduct uniform costs and upkeep which have no general utility and which they are required to purchase in order to perform authorized activities. The dress uniform would qualify for such a deduction. In addition, since Auxiliarists are prohibited by Coast Guard regulations from wearing portions of their uniforms as civilian clothing, the cost and upkeep of these uniforms, including insignia, should also qualify for a deduction.
G.3.f. Use of Facilities	Unreimbursed out-of-pocket transportation expenses incurred in the use of facilities in the performance of Coast Guard and Auxiliary missions may be deductible. Such operation, maintenance, and repair costs may be deductible only when they are directly attributable to Auxiliary services. A pro rata share of general maintenance and repairs of a facility is not deductible. The rental value of a facility while engaged in Auxiliary services is not deductible.
G.3.g. Transfer of Property	If any Auxiliarist transfers property, either real or personal, to the Auxiliary, the IRS may allow a deduction for the fair market value of the property at the time of the contribution.
G.3.h. Disclaimer	The above information is provided for general guidance and is subject to the specific provisions of the Internal Revenue Code, as amended, and IRS regulations published there under.
G.4. Qualified Tax Advisor	Auxiliarists must not rely upon the information contained in this Manual when making tax decisions. Because information set forth in this section may conflict with subsequent IRS regulations or tax rulings, Auxiliarists must consult a qualified tax advisor before making any specific decisions regarding the potential deductibility of Auxiliary related expenses.