

NATIONAL HEADQUARTERS  
CIVIL AIR PATROL  
500 Fifth Avenue  
New York 18, N.Y.

GM-110

3 February 1944

Subject: Tax Status of Civil Air Patrol Allowances and Contributions.

To: Civil Air Patrol Unit Commanders.

1. There has been no change in the tax status of allowances received and contributions made by CAP members since the issuance of National Headquarter's letter dated 20 February 1943, subject: "Tax Status of Allowances Received and Contributions Made."

2. It is now clear, however, that allowances received by Wing Commanders, Executive Officers, or personnel on active duty are "allowances in lieu of subsistence." In view of this, it is perhaps more definitely established than it was on 20 February 1943 that where such allowances are reported in Income Tax Returns they may be offset in all or part by deductions for ordinary and necessary expenses incurred by the taxpayers on their assignments, including the entire amount expended for meals and lodging while away from their homes provided, of course, that they have not given up their homes elsewhere. Purely personal or family expenses cannot be deducted.

3. Since it is now clearly established that all allowances received are "allowances in lieu of subsistence" and are in no sense payments for services, Informational Returns setting forth the amount of allowances received by each individual are not being forwarded this year to either the Treasury or the individuals concerned. In exceptional cases, however, where a particular individual has no record of the allowances which he did receive and where he cannot secure such information from other sources, this office will, so far as possible, attempt to furnish such information on request.

4. Since 1 July 1943, no Victory Tax or Withholding Tax has been deducted by National Headquarters from allowances which have been paid. Such deductions are unnecessary where "allowances in lieu of subsistence" are involved. Prior to 1 July, the Office of Civilian Defense, which was then making payment of such allowances, had some question as to the necessity of withholding such taxes and therefore determined administratively that certain deductions should be made. The Victory Tax was therefore withheld and information concerning such withholding was transmitted to the Treasury Department. In the relatively near future, when OCD records have been completed and transmitted to this Headquarters, an attempt will be made to secure from the Treasury refunds of the Victory Tax which, it is believed by this office, was improperly withheld. Further advice as to this will be transmitted at the first possible moment.

By direction of National Commander JOHNSON:

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