

How the Israeli Army Benefits from US Tax Law

Tax exemptions that support war crimes are not “charitable”

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The United States tax code allows exemptions from federal taxes for certain categories of nonprofit organizations or groups that frequently serve either an educational or charitable purpose. Such organizations are [categorized as 501\(c\)\(3\)](#) and exempt from Federal income taxes while the donors who contribute to their support can deduct the total donations up to the limits imposed by their own overall tax liability. The [Internal Revenue Service \(IRS\)](#) recognizes more than 30 types of nonprofit organizations but only those that qualify for 501(c)(3) status can say that donations made to them are tax deductible.

Most of the organizations that may be eligible for 501(c)(3) designation

“fall into one of three categories: charitable organizations, churches and religious organizations, and private foundations. A group must operate exclusively for one of certain purposes to be considered a charitable organization by the IRS: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or preventing cruelty to children or animals.”

The IRS further defines “charitable” activities as “relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.”

A 501(c)(3) organization is also “forbidden from using its activities to influence legislation in a substantial way, including participating in any campaign activities to support or deny any particular political candidate. It’s also typically not permitted to engage in political [lobbying](#).” A [private foundation](#) is typically “held by an individual, a family, or a corporation

and it obtains most of its income from a relatively small group of donors. Private foundations are subject to stricter rules and regulations than public charities. A public charity is a nonprofit organization that receives a substantial portion of its income or revenue from the general public or the government.”

It is worth considering how a 501(c)(3) is supposed to work when one examines how the numerous organizations that constitute the Israel Lobby in the United States have attained that status, which enables them to avoid US taxes while also attracting donors through tax deductions in spite of the fact that they lobby heavily, which ignores US laws, and exist to support and empower a foreign government that is engaged in a genocide.

The American Israel Public Affairs Committee (AIPAC), regarded as the wealthiest and most politically powerful of the Lobby groups, even boasts about its lobbying ability as well as the amazing success of its associated PAC in endorsing favorable to Israel political candidates. The heavily politically engaged Anti-Defamation League (ADL) and the pro-Iran war Foundation for Defense of Democracies (FDD) are likewise 501(c)(3). Smaller foundations such as the Charles and Seryl Kushner Foundation, founded by the father of Donald Trump’s son-in-law Jared Kushner, are likewise 501(c)(3) and engaged in supporting [illegal settlement development](#) in Israeli occupied Palestine.

The 501(c)(3) status enables many Jewish and Israel-oriented groups to obtain large sums of money which are then used politically to enabled the corruption of the political process in the United States to the benefit of both Israel and domestic Jewish-favored issues. And being non-profit most definitely does not mean that anyone is going broke or working out of shabby offices in some dank suburb. AIPAC reported in excess of \$90 million [in earnings](#) since Israel has been at war in Gaza, plus ADL \$105 million in 1922, and FDD \$18 million in earnings in the same year. The chief executives of the three organizations are, respectively Howard Kohr, Jonathan Greenblatt, and Mark Dubowitz. They earned \$1,055,000, \$993,000, and \$771,000 respectively in 2021-2022.

This all means in practice that there is a steady cash flow from the United States to Israel that far exceeds the \$3.8 billion plus special appropriations annually that President Barack Obama foolishly guaranteed to **Prime Minister Benjamin Netanyahu** in 2016 in a bid to maintain Jewish donor and media support for Hillary Clinton’s election. Grant Smith, who heads the “Institute for Research: Middle Eastern Policy (IRMEP)”, has estimated that the annual total going to Israel far exceeds \$10 billion and, which does not include other freebies like US government co-development and production projects and disbursements like [the \\$14 billion gift](#) from **President Joe Biden** to Israel in April to help pay for and arm that nation’s extermination of the Gazans.

Israel and the Jewish community also get an enormous free ride from some state governments. Smith [has described how](#) one such board that [he has identified](#) in Virginia is a unique example of a state’s economic policies being manipulated by a dedicated Israeli fifth column in government. It is named the Virginia Israel Advisory Board (VIAB).

The VIAB is actually part of the Virginia state government. It is funded by the Commonwealth of Virginia and is able to access funds from other government agencies to support Israeli businesses. It is staffed by Israelis and American Jews drawn from what has been described as the “Israel advocacy ecosystem” and is self-administered, appointing its

own members and officers. Only Virginia has such a group actually sitting within the government itself though other states have similar advisory or “trade” commissions. VIAB is able to make secret preferential agreements, to arrange special concessions on taxes and to establish start-up subsidies for Israeli businesses. Israeli business projects have been, as a result, regularly funded using Virginia state resources with little accountability. It has been estimated that the cash flow in favor of Israel from Virginia alone has exceeded \$500 million annually.

Smith [has reported how](#) VIAB is not just an economic mechanism. Its charter states that it was “created to foster closer economic integration between the United States and Israel while supporting the Israeli government’s policy agenda.” Smith also has observed that “VIAB is a pilot for how Israel can quietly obtain taxpayer funding and official status for networked entities that advance Israel from within key state governments.” The board grew significantly under Democratic governor Terry McAuliffe’s administration (2014-2018). McAuliffe, regarded by many as the Clintons’ “bag man,” has received what are regarded as generous out-of-state campaign contributions from actively pro-Israeli billionaires [Haim Saban and J.B. Pritzker](#), who are both affiliated with the Democratic Party.

Terry McAuliffe as governor met regularly in off-the-record “no press allowed” sessions with several Israel advocacy groups and spoke frequently about “the Virginia Advisory Board and its successes.” That was, of course, a self-serving lie by one of the slimiest of the Clinton unindicted criminals. In short, the VIAB is little more than a mechanism set up to carry out licensed robbery of Virginia state resources to benefit Israel. As a side benefit to us Virginians, its reckless activities have led to numerous zoning and environmental violations.

Judging by all of the above, one would reasonably have to accept that we are only seeing the tip of the iceberg, that there are many “non-profit” federal tax-exempt foundations and other boards and organizations that exist in the United States to benefit Israel. That said, however, there are a couple of pro-Israel 501(c)(3) “charitable” foundations that boggle the mind for their openly state mission. They consist of several organizations that have been established and exploited to support the Israel Defense Forces (IDF), which, as noted above, are currently engaged in carrying out what is widely recognized to be a genocide in Gaza as well as persecution of Palestinians on parts of the illegally occupied West Bank. They are perhaps deserving of some special attention.

The best known and largest of the Israeli army focused “charities” is the “Friends of the Israel Defense Forces” ([FIDF](#)) which stages annual rallies and gatherings both in Los Angeles and New York to raise money for those brave warriors who are nearly every day bombing hospitals and schools and killing many thousands of children. The gatherings are well attended by the usual celebrities and politicians and widely reported in the accommodating media. The group, based in New York City, boasts of how it works directly with the Israeli Ministry of Defense. Friends of IDF raised [a record \\$60 million](#) at a Los Angeles gala in 2018. Major Donald Trump financial supporters **Miriam and Sheldon Adelson** donated \$10 million, matched by Israeli-American Hollywood figure **Haim Saban** and his wife, **Cheryl**.

FIDF claims to be the only 501(c)(3) certified IDF fund raiser in the US, but there is at least one other organization that has been in the news recently. It is [“The Association for Israel’s Soldiers”](#) which also goes by “The Friends of LIBI” and “LIBI USA”, which is a volunteer outfit based in Brighton, Massachusetts. It actually also claims to be part of Israel’s Ministry of Defense and its job is to cover expenses that are not part of the Israeli government budget. As money is fungible, that frees up money for more warlike purposes. But that description

inevitably makes one wonder how an element of the Israeli government is able to collect tax exempt money that is also deductible as federal income taxes donations which are apparently repatriated from the US to Israel without any “charitable” or “educational” function intruding in America?

It does not require any particular brilliance to realize that both politically and economically Israel is not treated like everyone else by governments at various levels in the United States. At risk of being repetitive, how is it possible that organizations that are committed to supporting war crimes and even genocide by a foreign nation are allowed to have tax breaks that enable them to collect more money to corrupt the system that feeds them? How is it possible that the foreign army carrying out the war crimes is also allowed to benefit directly from the exemption from taxation? Those are questions that need to be answered!

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