

## IRS RULES RELATING TO POLITICAL ACTIVITIES OF CERTAIN TAX-EXEMPT ORGANIZATIONS

	Organizations Described In IRC 501(c)(6) <i>Trade Associations/ Chambers of Commerce</i>	Organizations Described In IRC 501(c)(3) <i>Public Charities</i>	Organizations Described in IRC 501(c)(3) <i>Private Foundations</i>	Organizations Described in IRC 501(c)(4) <i>Social Welfare</i>	Political Organizations	
					Independent Entity	Separate Segregated Funds
Applicable Statutory & Regulations Citations	26 U.S.C. 501(c)(6); 26 U.S.C. 527.	26 U.S.C. 501 (c)(3); 26 U.S.C. 4955; Treas.Reg. 1.501 (c)(3)-1(c)(3)(iii).	26 U.S.C. 501 (c)(3); 26 U.S.C. 4945(d)(2); Treas. Reg. 1.501(c)(3)-1(c)(3)(iii)	26 U.S.C. 501 (c)(4); Treas. Reg. 1.501(c)(4)-1(a)(2)(ii); 26 U.S.C. 527.	26 U.S.C. 527; Treas. Reg. 1.527-2(a).	26 U.S.C. 527(f); Treas. Reg. 1.527-2(b).
General Restrictions On Activities Under Internal Revenue Code	No express statutory or regulatory limitation on such activity. Generally, however, political activity may not be the primary activity.	Complete ban on direct or indirect participation in a Campaign for public office. Also, political expenditures are taxed under 4955.	Same ban applies as with other 501(c)(3) organizations. Also, political expenditures are taxed under 4945 (d)(2).	Political activity is not considered promoting social welfare. Organizations can engage in such activity as long as its primary activity is promoting social welfare.	No limitation on political activity.	No limitations on political activity. 501(c)(3) organizations may not set up these funds for political candidate.
Deductibility of Dues/Contributions To Entity by Donors/ Members	Dues are business expenses , except, that, if organization has substantial political activity, that portion of dues is non-deductible. See Treas. Reg. 1.162-20(c)(3).	Yes – as charitable contribution (up to 50% AGI), as long as general restrictions above are met.	Yes – as charitable contribution up to 30% AGI.	Not eligible for charitable Contribution treatment or as business expense. See discussion of 501(c)(6).	Non-deductible.	Non-deductible.
Taxes/Sanctions Imposed on Entity	Section 527 imposes a tax on political expenditures to the extent of investment income. Revocation if organization found to engage in such activity as its primary activity.	Revocation if found to have violated ban on political activity. Political expenditures possibly subject to tax under 26 U.S.C. 527(f). Reported on Form 1120 POL. Possible excise tax (see 4955).	An excise tax is imposed if the organization seeks to influence the outcome of any election or makes an earmarked grant. Otherwise, the same as other 501(c)(3). Special rules for nonpartisan registration activity (see 4945(f)). Possible excise tax (see 4955).	Same as 501(c)(6).	In general, a nontaxable entity except that investment income is subject to taxation. Income from "non-exempt" activities may be taxed.	501(c) organization pays taxes on fund's investment income.
Disclosure of Activity On Application for Status	Yes – See Form 1024, Part II, Question 15.	Yes – See Form 1023, Part II, Question 13.	Yes – See Form 1023, Part II, Question 13.	Yes – See Form 1024, Part II, Question 15.	There is no application for status.	There is no application for status.
Continuing Requirements for Disclosure of Activities	Yes – See: 1) Form 990, Part VI, Question 81; 2) Form 1120 POL.	Yes – See: 1) Form 990, Part VI, Question 81; 2) Form 4720 (excise tax); 3) Form 1120 POL.	Yes – See: 1) Form 990 PF, Part VII, Question 1; 2) form 4720 (excise tax); 3) Form 1120 POL.	Yes – See: 1) Form 990, Part VI, Question 81; 2) Form 1120 POL.	Yes – See Form 1120 POL.	Yes – In addition to regular 501(c) filing requirements, entity must file a Form 1120 POL.
Public Disclosure of Donors/Contributors	No.	No.	Yes, if contributor gives \$5,000 or more. See Form 990 PF, Part I, Question 1.	No.	No, but see CFR 104.3(a)(4) as to FEC regs.	No, but see CFR 104.3(a)(4) as to FEC regs.
Limitations on Voter Registration Drives	Cannot be organization's primary activity. If partisan and made to general public, then subject to 527 tax. Partisan voter registration activities not taxable if made to members.	Entity can carry on nonpartisan drive, subject to facts and circumstances whether it is partisan.	Considered a taxable expenditure unless drive meets 4945(f) exception as nonpartisan drive and covers five state area.	Nonpartisan voter registration permitted. If partisan, then expenditures are subject to 527 tax.	No limitations as long as primary activity is political.	No limitations as long as primary activity is political.

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