



Campaign Legal Center * 215 E Street, NE, Washington, DC 20002 * 202-737-2200 * www.campaignlegalcenter.org

Organization (IRC section)	Tax Treatment?	Lobbying permitted under Internal Revenue Code (IRC)?*	Political Campaign Activity permitted under Internal Revenue Code (IRC)?*	Disclosure under Internal Revenue Code (IRC)?*	Disclosure under Federal Election Campaign Act (FECA)?**
501(c)(3) Public charities and private foundations	Tax exempt. Contributions are <u>tax-deductible</u> and generally are not subject to the gift tax.	Permitted to engage in lobbying, so long as it constitutes “no substantial part” of the organization’s activities.	<u>Prohibited</u> from “participating in, or intervening in ... any political campaign on behalf of (or in opposition to) any candidate for public office.”	Must file an annual information return with the IRS using the Form 990 series disclosing all funds raised and spent. Contributor information is not made public, except in case of private foundations.	Because a 501(c)(3) is not permitted to engage in political campaign activity under the IRC, it typically would not have any political campaign spending to report under FECA.
501(c)(4) Social welfare organizations (E.g., NRA, Sierra Club, Crossroads GPS)	Tax exempt; but if the group engages in political campaign activities (i.e. 527 “exempt function activities”), its investment income (if any) is subject to tax. Contributions are <u>not</u> tax-deductible. Certain contributions may be subject to the gift tax.	Permitted to lobby without limitation provided that all lobbying is consistent with the group’s tax-exempt purpose.	These groups cannot have as their “ <u>primary activity</u> ” participation in “political campaigns on behalf of or in opposition to any candidate for public office.” The IRS uses a “facts and circumstances” test to determine when a group sponsoring ads is participating in political campaign activity. Factors include: (1) Whether an ad identifies a candidate for public office; (2) Whether the timing of the ad coincides with an electoral campaign; and (3) Whether the ad targets voters in a particular election.	Must file an annual information return with the IRS using the Form 990 series disclosing all funds raised and spent. <u>Contributor information is not made public, even if the group engages in political campaign activity.</u>	All persons and groups must file “ad specific” disclosure reports with the FEC if they purchase two types of ads: (1) <u>Ads that expressly advocate</u> the election or defeat of a federal candidate (e.g. “vote for,” “vote against”). (2) “ <u>Electioneering communications</u> ,” i.e. TV or radio ads that mention a federal candidate, are targeted to the relevant electorate, and run within 30 days preceding a primary and 60 days preceding a general election. These reports must disclose: the identity of the person or group funding the ad (“ad sponsor”); the recipients of disbursements for the ad; and contributors to the ad sponsor whose contributions were made <u>for the purpose of furthering</u> the express advocacy or electioneering communications.
501(c)(5) Unions					
501(c)(6) Trade associations (E.g., U.S. Chamber of Commerce)					

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					The FEC has interpreted the law to require disclosure of only those contributors who designated their funds for specific election ads. This interpretation has allowed groups to evade disclosure by designating contributions as “unrestricted donations” or member dues.
<p>527 Political organization that is <u>not</u> registered as a federal political committee</p>	<p>Tax exempt; but may be subject to tax if the group engages in activities that do not relate to political campaign activities, e.g. lobbying, or if the group does not disclose all of its donors. Contributions are <u>not</u> tax-deductible. Contributions are <u>not</u> subject to the gift tax.</p>	<p>Permitted to lobby subject to certain restrictions and only if it is not the group’s “primary activity.”</p>	<p>Tax law does not limit political campaign activity by 527s. A 527 is a group “organized and operated primarily” for the purpose of “influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors....” Not all 527s are required to register as federal political committees, only those 527s that meet the definition of a political committee, described <i>below</i>.</p>	<p>Must notify the IRS of their existence within 24 hours of formation. 527s are required to file with the IRS an annual information return, and periodic reports disclosing all contributions and expenditures for which the group seeks tax exemption. 527 reports are publicly available on the IRS’ Web site. <u>Contributor information is thus public.</u> If a 527 does not disclose a contribution, it must pay tax on that contribution.</p>	<p>527s are subject to the “ad specific” reporting requirements under FECA described <i>above</i>.</p>

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<p>527 Political organization that <u>is</u> registered as a federal political committee (E.g., federal candidate committees, national political parties, political action committees (PACs))</p>			<p>A group must register with the FEC as a federal “political committee” if:</p> <p>(1) It accepts “contributions,” or makes “expenditures,” as defined by FECA, of over \$1000 in a calendar year, and</p> <p>(2) Has as its “<u>major purpose</u>” the “nomination or election” of one or more federal candidates.</p> <p>Tax law does not limit political campaign activity by 527s registered as political committees.</p> <p>Under FECA, however, committees are subject not only to disclosure requirements, but also to contribution limits and source restrictions.</p> <p>“<u>Super-PACS</u>” are registered federal political committees that make <u>only independent expenditures</u> and do not contribute to candidates or parties. Due to <i>Citizens United</i> and other judicial decisions, these “Super PACs” are now exempted from the federal contribution limits and from the restrictions on corporate and union contributions. Super-PACs remain subject to the federal political committee disclosure requirements, however.</p>	<p>527s that register and report to the FEC as political committees are relieved of many of their IRS reporting obligations.</p>	<p>Federal political committees are subject to extensive reporting and organizational requirements under FECA, including:</p> <ol style="list-style-type: none"> (1) Registration; (2) Designation of a treasurer and committee bank account(s); (3) Filing periodic disclosure reports with the FEC disclosing <u>all receipts and disbursements (contributor information is thus public)</u>; (4) Maintaining records for receipts and disbursements from the beginning of the committee’s operations. <p>Subject to certain exceptions, federal political committees do not have to file the “ad specific” reports described <i>above</i>, because they are already required to disclose all receipts and disbursements to the FEC in their periodic reports.</p>

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