

Quick Tips for Tax-exempt Organizations: Political Campaign Activity

October 1, 2004

The Internal Revenue Code restricts the political campaign activities of all tax-exempt organizations. This guide is a quick reference to common election-year situations and their potential impact on an organization's tax-exempt status. Please note that this guide does not discuss special restrictions on private foundation activities. In addition to tax-exempt issues discussed in this guide, state and federal election laws regulate political activities. Please consult your advisor before engaging in any political campaign activities.

501(c)(3) Organizations

Prohibited Activities

- 501(c)(3) organizations are absolutely prohibited from endorsing or opposing any candidate for any political office (federal, state or local), and from contributing anything of value to candidates, political parties, PAC's and 527 organizations (including facilities, personnel, and finances).
- If the IRS finds a section 501(c)(3) organization engaged in prohibited campaign activity, the organization could lose its tax-exempt status and it could be subject to an excise tax on the amount of money spent on that activity.

Permissible Activities by Individuals

- Individual campaign activity by employees or agents of an organization is permissible if the individual does not represent the organization as he or she carries on the campaign activity.
- Officers and representatives of an organization may endorse or oppose a candidate only if they are clearly acting in their individual capacities. Officers, directors and key employees may be identified as such as long as it is made clear that they are acting in their individual capacities and not as representatives of the organization. The IRS has offered the disclaimer: "Organization shown for identification purposes only; endorsement by the organization is not implied."

Permissible Activities by Organizations

The following are also permissible, if conducted to be absolutely neutral with respect to individual candidates or political parties, in both content and context:



- Articles concerning an election or candidates in newsletters or other publications if the article does not advocate for or against a particular candidate. Publishing editorials favoring or opposing a candidate is, however, a prohibited campaign activity.
- Sponsoring debates between candidates is allowed, if all candidates are invited. If all candidates are not invited, objective criteria must be used to select those candidates eligible to participate.
- Neutral Get Out the Vote Drives may be held.
- Voter guides which contain the voting records of an incumbent on a wide variety of issues may be distributed for the purpose of educating voters if there is no implicit or explicit approval or disapproval of the voting records or editorial comment on a particular candidate. Voter guides including only select issues of interest to the organization may not be permitted. Candidate "ratings" by an organization are also not permitted.
- Rental of mailing lists to candidates is permissible and advertising may be accepted from candidates on the same basis as such services would be provided to non-candidates. All candidates must be informed of the opportunity.

Non-501(c)(3) Tax-Exempt Organizations

- A Non-501(c)(3) tax-exempt organization may participate in political campaigns without jeopardizing its tax-exempt status as long as such activity is not the primary purpose of the organization.
- A 527 organization is operated primarily for the purpose of influencing the selection, nomination, election or appointment of an individual to federal, state, or local office and is subject to unique tax rules outside the scope of this publication.

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