



## Filing Requirements

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Political parties; campaign committees for candidates for federal, state or local office; and political action committees are all political organizations subject to tax under IRC section 527.

Section 527 organizations are generally required to file one or more of the following:

- 1) An initial notice
- 2) Periodic reports on contributions and expenditures
- 3) Annual income tax returns and
- 4) Annual information returns

A political organization must have its own employer identification number (EIN), even if it does not have any employees. To get an EIN, an organization must file Form *SS-4, Application for Employer Identification Number*. For more information about obtaining an EIN (including how to apply online), see Employer ID Numbers (EIN).

Additionally, many political organizations must electronically file their periodic reports. In order to electronically file these reports, an organization needs the username and password issued to it after filing its initial notice. If you have forgotten or misplaced this username and password, please contact TE/GE Customer Account Services to request a replacement.

### **Additional information**

- News Release 2002-123
- Fact Sheet 2002-13
- Revenue Ruling 2003-49.
- Revenue Procedure 2007-27 (safe harbor allowing certain tax-exempt political organizations to establish that failure to file Form 8872 was due to reasonable cause and not willful neglect and, therefore, eligible for relief from penalties)
- State Filing Requirements



# Fact Sheet

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## SECTION 527 POLITICAL ORGANIZATIONS REVISED TAX FILING REQUIREMENTS

Legislation adopted in 2002 altered filing requirements for certain political organizations that seek tax-exempt status under section 527 of the Internal Revenue Code. The new law generally reduces filing requirements for certain state/local political organizations that already disclose certain information to state agencies. In addition, the law relieves some political organizations from filing an annual income tax return or an annual information return. Except where noted, the revised filing requirements are retroactive to July 1, 2000. This fact sheet discusses the current filing requirements as revised by the new legislation. FS-2002-11, published May 2002, is superseded.

The new law:

- Exempts state and local candidate and party committees from filing Form 8871 and Form 990 (or 990-EZ);
- Exempts qualified state and local political organizations (QSLPOs) (as defined below) from filing Form 8872;
- Exempts political committees filing with the FEC from filing Form 990 (or 990-EZ);
- Exempts political organizations that are a caucus or association of state or local officials from filing Form 990 (or 990-EZ);
- Requires additional information on Form 8871 and Form 8872;
- Requires the filing of an amended Form 8871 after material changes to maintain tax-exempt status;
- Increases reporting thresholds for certain Form 990 filers;
- Eliminates the requirement to file Form 1120-POL except where an organization has taxable income after taking the \$100 specific deduction (returning to pre-July 2000 requirements);
- Reinstates the pre-July 2000 confidentiality requirement for any Form 1120-POL filed after November 2, 2002; and
- Changes the electronic filing requirements by
  - o Requiring that Form 8871 be filed electronically (as opposed to both in writing and electronically); and
  - o Requiring that any Form 8872 due after June 30, 2003, be filed electronically if the filing organization has or expects to have contributions or expenditures of more than \$50,000 during the calendar year.

## Definition of Political Organization

Political organizations are organized and operated primarily to accept contributions and make expenditures for the purpose of influencing the "selection, nomination, election, or appointment of any individual to Federal, State, or local public office or office in a political organization, or the election of Presidential electors." Political organizations include political party committees, Federal, State and local candidate committees and other political committees such as political action committees (PACs).

The law also creates a new sub-category of political organization -- qualified state or local political organization (QSLPO). A state or local organization may be a QSLPO, if it meets the following criteria:

- All of its political activities relate solely to state or local public office (or office in a state or local political organization),
- It is subject to state law that requires it to report (and it does report) to a state agency information about contributions and expenditures that is similar to the information that the organization would otherwise be required to report to the IRS,
- The state agency and the organization make the reports publicly available, and
- No Federal candidate or office holder controls it or materially participates in its direction, solicits contributions for it, or directs any of its disbursements.

## Filing Categories

Federal tax law divides political organizations into several different categories and provides different filing requirements for each category. See the first chart below for the filing requirements for each category.

### Federal organizations

- FEC political committee: A political organization (including federal candidate committees, political party committees and PACs) that is required to report **as a** political committee under the Federal Election Campaign Act.
- Other federal political organization: A political organization attempting to influence federal elections that is not required to report as a political committee under the Federal Election Campaign Act.

### State and Local organizations

- Candidate committee: A campaign committee of a state or local candidate.
- Party committee: A state or local committee of a political party.
- Qualified state or local political organization (QSLPO): See above definition.
- Caucus or association: A group of state or local officials attempting to influence elections.
- Other political organization: Any other state or local political organization.

## Filing Requirements

The filing requirements in the chart below apply to those political organizations that:

- Wish to be a tax-exempt political organization, and
- Receive or expect to receive \$25,000 or more in gross receipts in any taxable year.

If You Are A	You May Be Required To File
FEC political committee, state or local candidate committee or state or local committee of a political party	▶ Form 1120-POL
Qualified state or local political organization (QSLPO)*	▶ Form 8871; ▶ Form 1120-POL; and ▶ Form 990
Caucus or association of state or local officials*	▶ Form 8871; ▶ Form 8872; and ▶ Form 1120-POL
Any other political organization, including other federal political organizations and other state or local political organizations	▶ Form 8871; ▶ Form 8872; ▶ Form 1120-POL; and ▶ Form 990 or Form 990-EZ

\*An organization may be both a QSLPO and a caucus or association of state or local officials. If so, it is not required to file Form 8872 and Form 990.

**NOTE:** If you are:

- A political organization that is not tax-exempt, or
- A tax-exempt political organization that does not have gross receipts of at least \$25,000

You must file Form 1120-POL if you have taxable income after taking the \$100 specific deduction for any taxable year.

## Description of Form Filing Requirements

### 1. Form 8871 - Notice of 527 Status

Unless excepted (see chart below), a political organization must file Form 8871, *Political Organization Notice of 527 Status*, with the IRS to be tax-exempt. Until it files the form, its income (including contributions) is subject to taxation. Form 8871 must be filed electronically, within 24 hours of the political organization's establishment. An amended Form 8871 must be filed within 30 days of any material change (including termination), or any income (including contributions) it receives after the material change will be subject to taxation.

## **2. Form 8872 - Report of Contributions and Expenditures**

Tax-exempt political organizations, other than QSLPOs, that file Form 8871 must file Form 8872, *Political Organization Report of Contributions and Expenditures*, to disclose information concerning:

- expenditures that aggregate \$500 or more per person, per calendar year; and
- contributions that aggregate \$200 or more per person, per calendar year.

A tax-exempt political organization that does not disclose this information must pay an amount equal to the highest corporate tax rate (35 percent) multiplied by the amount of contributions and expenditures not disclosed.

The filing due dates are available on the IRS web site at [www.irs.gov/polorgs](http://www.irs.gov/polorgs).

A political organization is not required to file Form 8872 for any period of time that it is subject to tax on its income because it did not file or amend a Form 8871.

## **3. Form 1120-POL - U.S. Income Tax Return for Certain Political Organizations**

Political organizations, whether or not tax-exempt, that have taxable income in **excess** of the \$100 specific deduction in a taxable year must file Form 1120-POL, U.S. *Income Tax Return for Certain Political Organizations*.

Form 1120-POL is due by the 15th day of the 3rd month after the end of the organization's taxable year. Political organizations may request a six-month extension of the filing deadline by filing Form 7004, *Application for Automatic Extension of Time to File Corporate Income Tax Return*. This extension must be filed by the due date of Form 1120-POL. There is a penalty for failure to file Form 1120-POL.

## **4. Form 990 or 990-EZ- Return of Organization Exempt from Income Tax**

Unless excepted (see chart below), a tax-exempt political organization must file an exempt organization annual information return if it has gross receipts of \$25,000 or more for the taxable year (\$100,000 for QSLPOs). A tax-exempt political organization with gross receipts of less than \$100,000 and assets of less than \$250,000 at the end of the year may file a Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Otherwise, it files a Form 990, *Return of Organization Exempt from Income Tax*.

Form 990 or Form 990-EZ is due on the 15th day of the 5th month after the end of the organization's taxable year. There is a penalty for failure to file this return. Organizations may request a three-month extension, without showing cause, by filing Form 8868, *Application for Extension of Time to File an Exempt Organization Return*, by the due date. A second three-month extension, with cause, may also be requested through Form 8868.

<b>Form</b>	<b>When filed</b>	<b>Exceptions to filing requirement</b>
8871	Within 24 hours of establishment or within 30 days of any material change, including termination	<ul style="list-style-type: none"> <li>▶ Organization that does not seek tax-exempt status;</li> <li>▶ Political committee required to report to the FEC;</li> <li>▶ Campaign committee of state and local candidates;</li> <li>▶ State or local committee of political parties; and</li> <li>▶ Organization that reasonably expects annual gross receipts to always be less than \$25,000.</li> </ul>
8872	At organization's option, quarterly/semiannually or monthly, on same basis for entire calendar year (see form instructions for detailed information)	<ul style="list-style-type: none"> <li>▶ Any organization excepted from Form 8871 filing requirement (see above); and</li> <li>▶ Qualified state or local political organization (QSLPO).</li> </ul>
1120-POL	Due the 15th day of the 3rd month after the close of the taxable year	<ul style="list-style-type: none"> <li>▶ Political organization with no taxable income after taking the \$100 specific deduction.</li> </ul>
990 or 990-EZ	Due the 15th day of the 5th month after the close of the taxable year	<ul style="list-style-type: none"> <li>▶ Any organization excepted from Form 8871 filing requirement (see above); and</li> <li>▶ Caucus or association of state or local officials</li> </ul>

### **Disclosure Requirements**

Tax-exempt section 527 organizations must make their forms (other than Form 1120-POL) publicly available for inspection and copying at their principal place of business. The IRS also posts Form 8871 and Form 8872 on its web site at [www.irs.gov/polorgs](http://www.irs.gov/polorgs).

### **For More Information**

Questions about the filing requirements may be directed to the Tax Exempt and Government Entities Customer Account Services toll free number 1-877-829-5500. Assistance is available 8:00 a.m. to 6:30 p.m. ET, Monday through Friday.