

Political Campaign Activity

Quick Tips for Tax-Exempt Organizations



The Internal Revenue Code regulates 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 is not comprehensive and does not discuss the more stringent restrictions on private foundation campaign 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 activities. In addition, please note that the Internal Revenue Code also regulates lobbying activities by tax-exempt organizations as do many states.

501(c)(3) Organizations

Prohibited Activities

- 501(c)(3) organizations are absolutely prohibited from participating or intervening in a political campaign including endorsing or opposing any candidate for any political office (federal, state, or local), and from contributing anything of value to candidates, political parties, and PACs (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 when carrying 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.
- An official of an organization (officer, director, key employee) may be identified as such as long as it is made clear that the official is acting only in the official's individual capacity and not as a representative of the organization. The IRS has offered the following disclaimer: "Organization shown for identification purposes only; no endorsement by the organization is implied."

Permissible Activities by Organizations

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

- Articles (or web or social media content) concerning an election or candidates 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 non-biased 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 incumbents 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 and allowed to participate in the opportunity.

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

- A 501(c)(4), 501(c)(5), or 501(c)(6) 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. Federal or state campaign finance rules may limit an organization’s activities, however, and generally prohibit contributions from these organizations to candidates or parties.
- A “527” organization (including but not limited to a PAC) 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.