

Internal Revenue Service (I.R.S.)

News Release

Charities May Not Engage in Political Campaign Activities

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WASHINGTON - Charities should be careful that their efforts to educate voters comply with the Internal Revenue Code requirements concerning political campaign activities, the tax agency said Monday in a presidential election-year advisory.

Organizations described in section 501(c)(3) of the Code that are exempt from federal income tax are prohibited from participating or intervening in any political campaign on behalf of, or in opposition to, any candidate for public office. Charities, educational institutions and religious organizations, including churches, are among those that are tax-exempt under this code section.

These organizations cannot endorse any candidates, make donations to their campaigns, engage in fund raising, distribute statements, or become involved in any other activities that may be beneficial or detrimental to any candidate. Even activities that encourage people to vote for or against a particular candidate on the basis of nonpartisan criteria violate the political campaign prohibition of section 501(c)(3).

Whether an organization is engaging in prohibited political campaign activity depends upon all the facts and circumstances in each case. For example, organizations may sponsor debates or forums to educate voters. If the debate or forum shows a preference for or against a certain candidate, however, it becomes a prohibited activity.

The federal courts have upheld this prohibition on political campaign activity, most recently in Branch Ministries v. Rossotti, 211 F.3d 137 (D.C. Cir. 2000). The courts have held that it is not unconstitutional for the tax law to impose conditions, such as the political campaign prohibition, upon exemption from federal income tax.

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.

In cases of flagrant violation of the law, the IRS has specific statutory authority to make an immediate determination and assessment of tax. Also, the IRS can ask a federal district court to enjoin the organization from making further political expenditures.

In addition, contributions to organizations that lose their section 501(c)(3) status because of political activities are not deductible by the donors for federal income tax purposes.

The political campaign prohibition as it applies to churches is discussed in Publication 1828, Tax Guide for Churches and Religious Organizations. This publication, along with other information about the political campaign prohibition, is available on IRS.gov at www.irs.gov/eo.