

IRS Provides 501(c)(3)s with Guidance in Area of Political Compliance

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Accompanying a report on political activity by tax-exempt organizations, the Internal Revenue Service (IRS) on February 24, 2006, also provided further guidance to 501(c)(3) charity organizations to help them avoid political pitfalls. The IRS provided such guidance because, under the Internal Revenue Code, 501(c)(3)s are prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for elective public office. A charity's undertaking prohibited activity can lead to a loss of its tax-exempt status, among other things.

Despite the prohibition on political activity, there are several activities in the political world that do not count as prohibited activities under the Code. For one thing, charities may conduct certain non-partisan voter education activities, non-partisan voter registration activities and non-partisan get-out-the-vote activities. Fact Sheet FS-2006-17 from the IRS addresses these issues as well as the imputation to a charity of political activity by the charity's leader or leaders and the undertaking of business activity with candidates, parties and PACs. Through FS-2006-17, the IRS also provides examples with respect to candidate appearances at charity events, public forums and issue advocacy. The issue advocacy section builds upon previous advice issued by the IRS with respect to all types of non-profits and not just charities. Finally, the IRS guidance discusses the thorny issue of voter guides as well as issues raised by a charity's website (where links and other communications are cheaply available to the world).

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Guidance from the IRS can be found at www.irs.gov/newsroom/article/0,,id=154780,00.html.