January 20, 2023

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Agenda

- Review the basics.
- Drill down into the rules of the road.
- Go through some examples and case studies.
- Discuss some tricks of the trade.
- Ask questions as we go along so this can be a dialogue rather than a lecture.

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“I seldom think of politics more than 18 hours a day.”

—Lyndon Baines Johnson

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Types of Tax-Exempt Organizations

- The rules differ based on what type of tax-exempt organizations are involved.
- IRC Section 501(c)(3)
  - Private foundations
  - Public charities
- IRC Section 501(c)(4)
  - Social welfare organizations
- IRC Section 501(c)(6)
  - Trade associations
- IRC Section 527
  - 527s (not PACs)
  - Political action committees (PACs)
  - Independent-expenditure only PACs (SuperPACs)

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Types of Tax-Exempt Organizations

	501(c)(3) Private Foundation	501(c)(3) Public Charity	501(c)(4) Social Welfare Org	527 Political Org
Purpose	• Charity, education, religion or science • Contributions from limited sources	• Charity, education, religion or science	• Social welfare or advocacy (lobbying)	• Political
Examples	• Gates Foundation • Ford Foundation	• Sierra Club Foundation • American Red Cross • Heritage Foundation	• Sierra Club • National Rifle Association • Crossroads GPS	• Sierra Club Political Committee • EMILY's LIST • American Crossroads
Tax Benefits	• Tax exemption • Contributions deductible • Gift tax deduction	• Tax exemption • Contributions deductible • Gift tax deduction	• Tax exemption • Gift tax exemption	• Tax exemption • Gift tax exemption
Election-Related Activity	• **Can't support or oppose candidates** • **Nonpartisan activities OK** • **Can only fund voter registration under very limited circumstances**	• **Can't support or oppose candidates** • **Nonpartisan activities OK**	• **Partisan activity cannot be primary activity ("primary purpose" test)** • **May be taxable**	• **Primary purpose is partisan activity**

**Note: 501(c)(4)s and 501(c)(6)s have the same rules for these purposes.*

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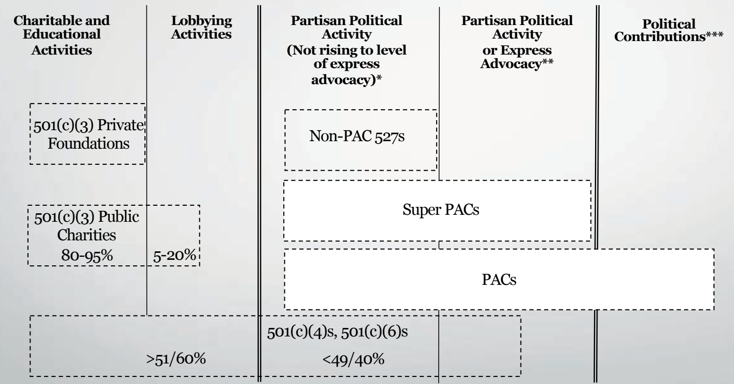
IRS Educational, Lobbying and Political Activity Spectrum



*Political speech regulated by IRS (not FEC).

** Political speech regulated by IRS and FEC.

*** N.B. For state and local elections, the rules may differ.

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Title search: Elections and Nonprofit Compliance

Also available as part of the eCourse
Answer Bar: How to Protect Your Nonprofit

First appeared as part of the conference materials for the
40th Annual Nonprofit Organizations Institute session
"MASTER CLASS: Elections and Nonprofit Compliance"