Form **1120-POL**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for Certain Political Organizations

To be filed by those organizations having taxable income (line 19).
(Under Section 527 of the Internal Revenue Code)

1980

For calendar year 1980 or other tax year beginning , 1980 and ending , 19 .

Note: If you are a section 501(c) organization (see instruction A.3) or a separate segregated fund described in section 527(f)(3), check here ▶ ☐.

Please print or type

Name of organization	Employer identification number (see instruction O)
Number and street	Date organization formed
City or town, State and ZIP code	Were the required Forms 1087, 1096, and 1099 filed? . . . . ☐ Yes ☐ No

Enter name of candidate ▶

The books are in care of ▶ ..... Telephone No. ▶ .....
Located at ▶

Important—Fill in all applicable lines and schedules.

Gross Income

1 Dividends (attach schedule)	1	
2 Interest on obligations of the United States and U.S. instrumentalities	2	
3 Other interest	3	
4 Gross rents	4	
5 Gross royalties	5	
6 (a) Capital gain net income from Schedule D, line 9	6(a)	
(b) Net gain or (loss) from Form 4797, line 11(a), Part II (attach Form 4797)	6(b)	
7 Other income (see "Note" in instruction D—attach schedule)	7	
8 **Total income** (add lines 1 through 7)	8	

Deductions

9 (a) Salaries and wages .....,		
(b) Less WIN credit from Form 4874, line 12 ..... Balance ▶	9(c)	
10 Repairs	10	
11 Rents	11	
12 Taxes	12	
13 Interest	13	
14 Depreciation from Form 4562 (attach Form 4562) ....., less depreciation claimed elsewhere on the return ..... Balance ▶	14	
15 Other deductions (attach schedule)	15	
16 Total deductions (add lines 9 through 15)	16	
17 Taxable income before specific deduction of $100 (line 8 less line 16). (Section 501(c) organizations show: (a) amount of net investment income (see instruction A3(b)(ii)) ▶....., (b) aggregate amount expended for an exempt function (attach schedule) ▶....., and enter on line 17, the lesser of (a) or (b))	17	
18 Less specific deduction of $100 (not allowed for newsletter funds defined under section 527(g))	18	
19 **Taxable income** (subtract line 18 from line 17)	19	

Tax

20 Total tax (from Schedule A, line 6)	20	
21 Credits: (a) Tax deposited with Form 7004		
(b) Tax deposited with Form 7005 (attach copy)		
(c) Credit from regulated investment companies (attach Form 2439)	21	
22 **Tax due** (subtract line 21 from line 20). See instruction I for depositary method of payment	22	
23 **Overpayment** (subtract line 20 from line 21)	23	

Foreign Financial Accounts and Foreign Trusts

1 At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instruction T)? . . . . ☐ Yes ☐ No

2 Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? . . . . ☐ Yes ☐ No
If "Yes," you may have to file Forms 3520, 3520–A or 926.

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer Date ▶ Title

Paid Preparer's Use Only

Preparer's signature and date ▶ Check if self-employed ▶ ☐ Preparer's social security no.

Firm's name (or yours, if self-employed) and address ▶ E.I. No. ▶ ZIP code ▶

Schedule A.—Tax Computation Schedule

1 Taxable income (line 19, page 1)	1	
2 46% of line 1	2	
3 Income tax (line 2 or alternative tax from Schedule D, line 15 below, whichever is less)	3	
4 (a) Work incentive (WIN) credit (attach Form 4874)		
(b) Foreign tax credit (attach Form 1118)		
5 Total—Add lines 4(a) and (b)	5	
6 Total tax—Subtract line 5 from line 3. Enter here and on line 20, page 1	6	

Schedule D.—Capital Gains and Losses (See Instructions for Schedule D)

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis	f. Gain or (loss) (d less e)
1					

2 Unused capital loss carryover (attach computation)	2	
3 Net short-term capital gain or (loss)	3	

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

4 Enter section 1231 gain from Form 4797, line 5(a)(1)	4	

5					

6 Net long-term capital gain or (loss)	6	

Part III Summary of Schedule D Gains and Losses

7 Enter excess of net short-term capital gain (line 3) over net long-term capital loss (line 6)	7	
8 Net capital gain. Enter excess of net long-term capital gain (line 6) over net short-term capital loss (line 3)	8	
9 Total of lines 7 and 8. Enter here and on line 6(a), page 1	9	

Note: *If there is no entry on line 9, see instructions on capital losses for explanation of capital loss carry-backs.*

Part IV Alternative Tax Computation

10 Taxable income (line 19, page 1)	10	
11 Net capital gain from line 8	11	
12 Subtract line 11 from line 10	12	
13 46% of line 12	13	
14 28% of line 11	14	
15 Alternative tax (total of lines 13 and 14). If applicable, enter here and on Schedule A, line 3	15	

Schedule K.—Record of Federal Tax Deposit Forms 503

(List Deposits in Order of Date Made—See Instruction I)

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount

Schedule L.—Balance Sheets

	Beginning of Tax Year (A)	Beginning of Tax Year (B)	End of Tax Year (C)	End of Tax Year (D)
Assets				
1 Cash: (a) Savings and interest-bearing accounts				
(b) Other				
2 Accounts receivable net				
3 Notes receivable net (attach schedule)				
4 Inventories				
5 Government obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
6 Investments in nongovernmental bonds, etc. (attach schedule)				
7 Investments in corporate stocks (attach schedule)				
8 Loans:				
(a) Mortgage loans (number of loans ▶ _____)				
(b) Other loans (attach schedule)				
9 Other investments (attach schedule)				
10 Depreciable (depletable) assets (attach schedule):				
(a) Held for investment purposes				
(b) Less accumulated depreciation				
(c) Held for campaign purposes				
(d) Less accumulated depreciation				
11 Land: (a) Held for investment purposes				
(b) Held for campaign purposes				
12 Other assets (attach schedule)				
13 Total assets				
Liabilities				
14 Accounts payable				
15 Contributions, gifts, grants, etc. payable				
16 Mortgages and notes payable (attach schedule)				
17 Other liabilities (attach schedule)				
18 Total liabilities				
Net Worth (Fund Balances)				
19 Principal Fund				
20 Income Fund				
21 Total Net Worth (Fund Balances)				
22 Total liabilities and Net Worth (line 18 plus line 21)				

Schedule M.—Analysis of Changes in Net Worth

1 Total net worth at beginning of year—from Schedule L, line 21, column (B)	1	
2 Enter amount from line 17, page 1	2	
3 Nontaxable income from contributions	3	
4 Nontaxable income from other sources	4	
5 Other increases not included above (itemize) ▶	5	
6 Total (add lines 1 through 5)	6	
7 Campaign expenses	7	
8 Expenses attributable to other nontaxable income	8	
9 Other decreases not included above (itemize) ▶	9	
10 Total of lines 7 through 9	10	
11 Total net worth at end of year (subtract line 10 from line 6)—This equals Schedule L, line 21, column (D)	11	

General Instructions

(References are to the Internal Revenue Code.)

Note for Small Political Organizations: In general, a political organization whose only income is derived from its investments (such as dividends, interest, or rents) need only do as follows to complete this return: (1) report income and expenses on lines 1 through 16, as they apply; (2) claim the specific deduction of $100 on line 18; (3) figure the tax due on lines 20 to 22; (4) answer the foreign accounts and trusts questions at the bottom of page one; (5) complete the financial statements on Schedules L and M; (6) See General Instruction I for the method of tax payment; and (7) complete the signature portion of the return.

However, please glance through the remaining instructions to see if any of them apply to you.

A. Who Must File Form 1120–POL.—

1. A political organization, that is, a party, committee, association, fund (including a separate segregated fund (described in section 527(f)(3)) set up by a section 501(c) organization), or other organization, organized and operated primarily for the purpose of accepting contributions or making expenditures, or both, to influence the selection, nomination, election or appointment of any individual to any public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, must file Form 1120–POL if such organization has any taxable income (defined in C below).

2. A newsletter fund (as described in section 527(g)) must file Form 1120–POL if it has political organization taxable income. Taxable income is the same as described in C below with these modifications:

(a) the $100 specific deduction is not allowed and

(b) the exempt function shall be only the preparation and circulation of the newsletter.

For further information, see section 527(g).

3. *(a)* Under section 527(f), certain organizations described in section 501(c) and exempt from tax under section 501(a), must file Form 1120–POL if they:

(i) expend any amount during the tax year directly (or through another organization) for an exempt function (defined in E below) and

(ii) have taxable income.

(b) For purposes of a section 501(c) organization, taxable income shall be an amount equal to the lesser of:

(i) the aggregate amount expended during the tax year for an exempt function (defined in E below) or

(ii) the net investment income of such organization for the tax year. Net investment income, for this purpose, means the gross amount of interest, dividends, rents, royalties, plus the excess (if any) of gains from the sale or exchange of assets over the losses from the sale or exchange of assets, over the deductions directly connected with the production of this income.

Both of the above amounts are computed by taking into account the modifications described in C.2. below.

Section 501(c) organizations are to exclude those items taken into account for purposes of the tax imposed by section 511.

(c) If a section 501(c) organization sets up a separate segregated fund (section 527 (f)(3)), the taxable income of such fund will be determined in accordance with instruction C.

For further information, see section 527(f).

B. Tax Imposed.—The tax imposed shall be computed by multiplying the political organization taxable income by 46%.

C. Taxable Income.—

Note: *Generally, campaign contributions are not includible in income; expenditures for campaign purposes are not deductible.* (See instruction D below.)

Taxable income is the excess of:

1. gross income for the tax year **(excluding any exempt function income which is defined below)** over

2. the deductions allowed which are directly connected with the production of gross income **(excluding exempt function income)** computed with the following modifications—

(a) a specific deduction of $100 is allowed,

(b) a net operating loss deduction (section 172) is not allowed, and

(c) a deduction under part VIII of subchapter B (relating to special deductions for corporations) is not allowed.

D. Exempt Function Income.—Exempt function income is any amount received as:

1. contributions of money or other property,

2. membership dues, fees, or assessments from members of the political organization,

3. proceeds from a political fund-raising or entertainment event, or proceeds from the sale of political campaign materials, which are not received in the ordinary course of any trade or business, or

4. proceeds from the conducting of any bingo game as defined in section 513(f)(2), to the extent such amount is segregated for use only for the exempt function of the political organization.

Note: *Income received in the course of an ordinary trade or business is to be included in line 7, "other income," page 1.*

E. Exempt Function.—For purposes of section 527, the term "exempt function" means the function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected or appointed.

F. Where to File.—

If the political organization's main office is located in	Use this address
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Internal Revenue Service Center Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Internal Revenue Service Center Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Internal Revenue Service Center Atlanta, GA 31101
Michigan, Ohio	Internal Revenue Service Center Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Internal Revenue Service Center Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Internal Revenue Service Center Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Internal Revenue Service Center Kansas City, MO 64999
California, Hawaii	Internal Revenue Service Center Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Internal Revenue Service Center Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Internal Revenue Service Center Philadelphia, PA 19255

G. When to File.—In general, an organization must file Form 1120–POL by the 15th day of the 3d month after the end of the tax year.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120–POL.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

H. Period covered.—File the 1980 return for calendar year 1980 and fiscal years that begin in 1980 and end in 1981. For a fiscal year, fill in the tax year space at the top of the form.

I. Depositary Method of Tax Payment.— The organization must pay the tax due (line 22) either **1.** in full when the return is filed or **2.** in two equal installments. The installments are due by the 15th day of the 3d month and the 15th day of the 6th month after the end of the tax year.

Deposit organization income tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a depositary for Federal taxes or the Federal Reserve Bank or Branch

(Continued on page 5)

(FRB) servicing the geographic area where the organization is located. Records of deposits will be sent to IRS for crediting to the organization's account. See the instructions on the back of Form 503 for more information and exceptions.

In Schedule K, list all deposits on FTD Form 503 that relate to the tax year for which this return is filed and which were made before or at the same time this form was filed.

You may apply for these FTD Forms 503 from the Internal Revenue Service Center where the organization files its return. If you do not have these forms when a deposit is due, mail your payment to the Internal Revenue Service Center where the organization files its return. When applying for FTD Form 503 (and also when making a deposit without FTD Form 503), include the organization's name, identification number, address, and the tax year to

blank. If someone prepares Form 1120–POL and does not charge the organization, that person should not sign the return. Certain others who prepare Form 1120–POL should not sign. For example, a regular, full-time employee of the organization such as clerk, secretary, etc. does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120–POL must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

If the preparer is self-employed (that is, is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box.

If you have questions about whether a preparer is required to sign Form 1120–POL, please contact an IRS office.

The preparer required to sign the return MUST complete the required preparer information and:

on the net amount due.)

- A political organization that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due.)

Q. Possessions Tax Credit.—See Form 5712 for rules on how to elect to claim the possessions tax credit (section 936). Compute the credit on Form 5735, and include the amount of the credit in the total for Schedule A (Form 1120–POL), line 5. Write in the margin, next to the entry on line 5, the amount of the credit and identify it as a section 936 credit.

R. Estimated Tax, Minimum Tax, Investment Credit and Jobs Credit.—Estimated tax, minimum tax, investment credit, and jobs credit do not apply to political organizations defined in section 527.

other than capital assets, including property used in a trade or business, involuntary conversions (other than casualties or thefts), and gain from the disposition of interest in oil, gas, or geothermal property, should be reported on Form 4797, Supplemental Schedule of Gains and Losses. See the instructions for Form 4797 for more information.

If property is involuntarily converted because of a casualty or theft, use Form 4684, Casualties and Thefts.

Parts I and II

Generally, you should report the sales and exchanges even though there is no gain or loss. No loss is allowed for a wash sale of stock or securities or from a transaction between related persons. (Sections 1091 and 267.)

In Part I report the sale or exchange of capital assets held one year or less. In Part II report the sale or exchange of capital assets held more than one year.

What are Capital Assets

Each item of property held by an organization (whether or not connected with its trade or business) is a capital asset except:

1. Assets that can be inventoried or property held mainly for sale to customers.
2. Depreciable or real property used in the trade or business.
3. Certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property.
4. Accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in 1. above.
5. Certain short-term Federal, State, and municipal obligations.
6. A U.S. Government publication (including the Congressional Record), received from the Government or any of its agencies in a manner other than by buying it at the price offered for public sale, which is held by a taxpayer who received the publication or by a second taxpayer in whose hands the basis of the publication is determined, for purposes of determining gain from a sale or exchange, by referring to its basis in the hands of the first taxpayer.

Special Rules for the Treatment of Certain Gains and Losses

- **Gain from installment sales.**—If you sold property on the installment basis at a gain, get **Publication 537,** Installment and Deferred-Payment Sales. In addition, attach a computation titled "Installment Sale Computation."
- **Gain or loss on an option to buy or sell property.**—See section 1234 for the rules that apply to a purchaser or grantor of an option.
- **Gain or loss from a short sale of property.**—Report the gain or loss to the extent that the property used to close the short sale is considered a capital asset in the hands of the taxpayer.
- **Gains and losses on futures transactions.**—Report the gain or loss on futures transactions (but not options on futures transactions) in any commodity subject to the rules of a board of trade or commodity exchange. These are subject to long-term treatment under the more than 6-month holding period rules. (Section 1222)
- **Loss from securities that are capital assets that become worthless during the year.**—Treat the loss as a capital loss as of the last day of the tax year.

How to Determine the Cost or Other Basis of the Property

In determining gain or loss, the basis of property will generally be its cost (section 1012). The exceptions to the general rule are provided in sections contained in subchapters C, K, O, and P of the Code. For example, if the organization acquired the property by dividend, liquidation of a corporation, transfer from a shareholder, reorganization, contribution or gift, bequest, bankruptcy, tax-free exchange, involuntary conversion, or wash sale of stock, see sections 301, 334, 362 (or 358), 1015, 1014 (and 1023), 372 (or 374 or 1024), 1031, 1033, and 1091, respectively. Attach an explanation if you use a basis other than actual cash cost of the property.

If the political organization receives appreciated property after May 7, 1974, then the basis of this property will be the same as it would be in the hands of the transferor, increased by the amount of gain recognized by the transferor.

Capital Losses

The amount of capital losses may not be more than capital gains. In general, a net capital loss may be carried back 3 years and forward 5 years as a short-term capital loss (section 1212). Carry back a capital loss to the extent it does not increase or produce a net operating loss in the tax year to which you carry it.

Part III—Summary of Schedule D Gains and Losses

If the net long-term capital gain is more than the net short-term capital loss, there is a net capital gain. In that case, you may want to complete Part IV to determine if the resulting alternative tax is less than the tax figured using the regular method.

Part IV—Alternative Tax Computation

If the alternative tax amount on line 15 is less than the tax figured by the regular method, enter the amount of alternative tax on Schedule A, line 3.

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