Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

IRS E-Services Make Taxes Easier

Now more than ever before, certain political organizations can enjoy the benefits of meeting their federal tax filing and payment responsibilities electronically. Whether you rely on a tax professional or do it yourself, IRS offers you convenient programs to make it easier.

Spend less time and worry on taxes. Use *e-file* and Electronic Federal Tax Payment System (EFTPS) to your benefit:

- For *e-file,* visit *www.irs.gov/efile* for additional information.
- For EFTPS, visit *www.eftps.gov* or call EFTPS Customer Service at 1-800-555-4477.

Use the electronic options available from IRS and make filing and paying taxes easier.

How To Get Forms and Publications

Internet. You can access the IRS website 24 hours a day, 7 days a week at *www.irs.gov* to:

- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax question online.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Sign up to receive local and national tax news by email.

DVD for tax products. Order Pub. 1796, IRS Tax Products DVD, and obtain:

- Current year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Internal Revenue Code - Title 26.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.
- The DVD is released twice during the year.
  - The first release will ship the beginning of January 2009.
  - The final release will ship the beginning of March 2009.

Purchase the DVD from the National Technical Information Service (NTIS) at *www.irs.gov/cdorders* for $30 (no handling fee), or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the DVD for $30 (plus a $6 handling fee).

By phone and in person. You can order forms and publications by calling 1-800-TAX-FORM (1-800-829-3676). You can also get most forms and publications at your local IRS office.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Political organizations and certain exempt organizations file Form 1120-POL to report their political organization taxable income and income tax liability under section 527.

Phone Help

If you have questions and/or need help completing Form 1120-POL, please call 1-877-829-5500. This toll-free telephone service is available Monday through Friday.

Who Must File

A political organization, whether or not it is tax-exempt, must file Form 1120-POL if it has any political organization taxable income.

An exempt organization that is not a political organization must file Form 1120-POL if it is treated as having political organization taxable income under section 527(f)(1).

Political Organizations

A political organization 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. Political organizations include a:

1. Principal campaign committee, if it is the political committee designated by a candidate for U.S. Congress as his or her principal campaign committee for purposes of section 302(e) of the Federal Election Campaign Act of 1971 and section 527(h).

If a candidate for U.S. Congress elects to make a designation under section 527(h), he or she must designate the principal campaign committee by attaching a copy of the Statement of Candidacy to Form 1120-POL. This can be either the Federal Election Commission's Form 2 or an equivalent statement filed with the Federal Election Commission. The designation may also be made by attaching a signed statement with all of the following information.

- The candidate's name and address,
- The candidate's identifying number,
- The candidate's party affiliation and office sought,
- The district and state in which the office is sought, and
- The name and address of the principal campaign committee.

Note. If the candidate for U.S. Congress has a designation in effect from an earlier year, attach a copy of the earlier year's designation to this year's Form 1120-POL and check the appropriate box on the form. See Regulations section 1.527-9. If a candidate for U.S. Congress has only one political campaign committee, no designation is required. However, be sure to check the appropriate box on Form 1120-POL.

2. Newsletter fund, if it is a fund established and maintained by an individual who holds, has been elected to, or is a candidate (as defined in section 527(g)(3)) for nomination or election to any federal, state, or local elective public office. The fund must be maintained exclusively for the preparation and circulation of the individual's newsletter.

3. Separate segregated fund, if it is maintained by a section 501(c) organization (exempt from tax under section 501(a)). For more information, see section 527(f)(3) and Regulations section 1.527-6(f).

Taxable Income

Political organization taxable income (line 19) is the excess of **(a)** gross income for the tax year (excluding exempt function income (defined later)) over **(b)** deductions directly connected with the earning of gross income (excluding exempt function income). Taxable income is figured with the following adjustments.

1. A specific deduction of $100 is allowed (but not for newsletter funds),
2. The net operating loss deduction is not allowed, and
3. The dividends-received deduction and other special deductions for corporations are not allowed. See section 527(c)(2)(C).

Effect of failure to file Form 8871. Unless excepted (see *Other Reports and Returns That May Be Required),* **every political organization,** in order to be considered a tax-exempt organization, must file Form 8871, Political Organization Notice of Section 527 Status. An organization that is required to file Form 8871, but fails to file it when due, must include in taxable income for the period before Form 8871 is filed, its exempt function income (including contributions received, membership dues, and political fundraising receipts), minus any deductions directly connected with the production of that income. The organization may not deduct its exempt function expenditures because section 162(e) denies a deduction for political campaign expenditures.

Exempt Function and Exempt Function Income

The exempt function of a political organization includes all activities that are related to and support the process 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 of a political organization, or the election of Presidential or Vice Presidential electors, whether or not the individuals or electors are selected, nominated, elected, or appointed. The term "exempt function" also means the making of expenditures relating to the individual's office, once selected, nominated, elected, or appointed, but only if the expenditures would be deductible by an individual under section 162(a).

Exempt function income is the total of all amounts received from the following sources (to the extent that they are separately segregated only for use for an exempt function):

- Contributions of money and property;
- Membership dues, fees, or assessments paid by a member of a political party;
- Proceeds from a political fundraising or entertainment event, or from the sale of political campaign materials, if those amounts are not received in the active conduct of a trade or business; and
- Proceeds from the conduct of a bingo game, as described in section 513(f)(2).

Specified Taxable Income

Newsletter fund. Taxable income of a newsletter fund is figured in the same manner as taxable income of a political organization except that the specific deduction of $100 is not allowed.

Exempt organization that is not a political organization. Taxable income for an exempt organization described in section 501(c) that is not a political organization is the smaller of:

1. The net investment income of the organization for the tax year, or

2. The amount spent for an exempt function during the tax year either directly or indirectly through another organization.

Net investment income, for this purpose, is the excess of:

1. The gross amount of interest, dividends, rents, and 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

2. The deductions directly connected with the production of this income.

Taxable income is figured with the adjustments shown in 1, 2, and 3 under *Taxable Income* on page 2.

Who Must Sign

The return must be signed and dated by:

- The president, vice president, treasurer, assistant treasurer, chief accounting officer, or
- Any other officer (such as tax officer) authorized to sign.

Receivers, trustees, and assignees must also sign and date any return filed on behalf of an organization.

If an employee of the organization completes Form 1120-POL, the paid preparer's space should remain blank. In addition, anyone who prepares Form 1120-POL but does not charge the organization should not complete that section. Generally, anyone who is paid to prepare the return must sign it and fill in the *Paid Preparer's Use Only* area.

The paid preparer must complete the required preparer information and:

- Sign the return in the space provided for the preparer's signature.
- Give a copy of the return to the taxpayer.

Note. A paid preparer may sign original or amended returns by rubber stamp, mechanical device, or computer software program.

Paid Preparer Authorization

If the organization wants to allow the IRS to discuss its 2008 tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the *Paid Preparer's Use Only* section of the return. It does not apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the organization is authorizing the IRS to call the paid preparer to answer any questions that may arise during the processing of its return. The organization is also authorizing the paid preparer to:

- Give the IRS any information that is missing from its return,
- Call the IRS for information about the processing of its return or the status of any refund or payment(s), and
- Respond to certain IRS notices that the organization may have shared with the preparer about math errors, offsets, and return preparation. The notices will not be sent to the preparer.

The organization is not authorizing the paid preparer to receive any refund check, bind the organization to anything (including any additional tax liability), or otherwise represent it before the IRS. If the organization wants to expand the paid preparer's authorization, see Pub. 947, Practice Before the IRS and Power of Attorney.

However, the authorization will automatically end no later than the due date (excluding extensions) for filing the 2009 tax return. If you want to revoke the authorization before it ends, see Pub. 947.

When and Where To File

In general, an organization must file Form 1120-POL by the 15th day of the 3rd month after the end of the tax year.

If the due date falls on a Saturday, Sunday, or legal holiday, the organization may file on the next business day.

File Form 1120-POL with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

If the organization's principal business, office or agency is located in a foreign country or a U.S. possession, the address for mailing their return should be: Internal Revenue Service Center, P.O. Box 409101, Ogden, UT 84409.

Private delivery services. In addition to the United States mail, the organization can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/payment" rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00 pm, and DHL 2nd Day Service;
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First; and
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

Extension. File Form 7004, Application for Automatic Extension of Time To File Corporation Income Tax Return, to request a 6-month extension of time to file.

Other Reports and Returns That May Be Required

An organization that files Form 1120-POL may also be required to file the following forms.

1. Form 8871, Political Organization Notice of Section 527 Status.

Generally, in order to be tax-exempt, a political organization must file this form within 24 hours of the date it is established and within 30 days of any material change in the organization. However, do not file this form if the organization is:

- An organization that reasonably expects its annual gross receipts to always be less than $25,000,
- A political committee required to report under the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.),
- A political committee of a state or local candidate,
- A state or local committee of a political party, or
- A tax-exempt organization described in section 501(c) that is treated as having political organization taxable income under section 527(f)(1).

2. Form 8872, Political Organization Report of Contributions and Expenditures (periodic reports are required during the calendar year).

Generally, a political organization that files Form 8871 and accepts a contribution or makes an expenditure for an exempt function during the calendar year must file this form. However, this form is not required to be filed by an organization excepted from filing Form 8871 (see above), or a qualified state or local political organization (QSLPO) (see the Instructions for Form 8871 and Rev. Rul. 2003-49, 2003-20 I.R.B. 903, for the definition of a QSLPO).

3. Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax.

An exempt political organization must also file one of these forms if its annual gross receipts are $25,000 or more ($100,000 or more for a QSLPO).

The following political organizations are not required to file Form 990.

- Any political organization excepted from the requirement to file Form 8871, and
- Any caucus or association of state or local officials.

See the instructions for Form 990 or Form 990-EZ.

Accounting Methods

Figure taxable income using the method of accounting regularly used in keeping the organization's books and records. Generally, permissible methods include:

- Cash,
- Accrual, or
- Any other method authorized by the Internal Revenue Code.

In all cases, the method used must clearly show taxable income.

Change in accounting method. Generally, the organization may only change the method of accounting used to report taxable income (for income as a whole or for any material item) by getting consent on Form 3115, Application for Change in Accounting Method. For more information, get Pub. 538, Accounting Periods and Methods.

Accounting Period

The organization must figure its taxable income on the basis of a tax year. The tax year is the annual accounting period the organization uses to keep its records and report its income and expenses if that period is a calendar year or a fiscal year. However, an organization that does not keep books or does not have an annual accounting period must use the calendar year as its tax year. A new organization must adopt its tax year by the due date (not including extensions) of its first income tax return.

Change of tax year. After the organization has adopted a tax year, it must get the consent of the IRS to change its tax year by filing Form 1128, Application To Adopt, Change, or Retain a Tax Year. See Regulations section 1.442-1 and Pub. 538.

Rounding Off to Whole Dollars

The organization may round off cents to whole dollars on the return and accompanying schedules. If the organization does round to whole dollars, it must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $1.39 becomes $1 and $2.50 becomes $3.

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Depository Method of Tax Payment

The organization must pay the tax due in full no later than the 15th day of the 3rd month after the end of the tax year. The two methods of depositing organization income taxes are discussed below.

Electronic Deposit Requirement

The organization must make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS) in 2009 if:

- The total deposits of such taxes in 2007 were more than $200,000, or
- The organization was required to use EFTPS in 2008.

If the organization is required to use EFTPS and fails to do so, it may be subject to a 10% penalty. If the organization is not required to use EFTPS, it may participate voluntarily. To enroll in or get more information about EFTPS, call 1-800-555-4477.

Depositing on time. For deposits made by EFTPS to be on time, the organization must initiate the transaction at least 1 business day before the date the deposit is due.

Deposits With Form 8109

If the organization does not use EFTPS, deposit organization income tax payments with Form 8109, Federal Tax Deposit Coupon. If you do not have a preprinted Form 8109, use Form 8109-B to make deposits. You can get this form only by calling 1-800-829-4933. Be sure to have your employer identification number (EIN) ready when you call.

Do not send deposits directly to an IRS office; otherwise, the organization may have to pay a penalty. Mail or deliver the completed Form 8109 with the payment to an authorized depositary, that is, a commercial bank or other financial institution authorized to accept federal tax deposits.

Make checks or money orders payable to the depositary. To help ensure proper crediting, write the organization's EIN, the tax period to which the deposit applies, and "Form 1120-POL" on the check or money order. Be sure to darken the "1120" box on the coupon. Records of these deposits will be sent to the IRS.

For more information on deposits, see the instructions in the coupon booklet (Form 8109) and Pub. 583, Starting a Business and Keeping Records.

Caution. If the organization owes tax when it files Form 1120-POL, do not include the payment with the tax return. Instead, mail or deliver the payment with Form 8109 to an authorized depositary or use EFTPS, if applicable.

Interest and Penalties

Interest

Interest is charged on taxes paid late even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatement of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

Penalties

Penalties may be imposed if the organization is required to file Form 1120-POL and it fails to file the form by the due date. The following penalties may apply if the organization does not file its tax return by the due date, including extensions.

Late filing of return. The organization may be charged a penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a return that is more than 60 days late is the smaller of the tax due or $135. The penalty will not be imposed if the organization can show that the failure to file on time was due to reasonable cause. Organizations that file late must attach a statement explaining the reasonable cause.

Late payment of tax. An organization that does not pay the tax when due generally may have to pay a penalty of ½ of 1% of the unpaid tax for each month or part of a month the tax is not paid, up to a maximum of 25% of the unpaid tax. The penalty will not be imposed if the organization can show that the failure to pay on time was due to reasonable cause.

Other penalties. Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6662 and 6663.

Assembling the Return

Attach Form 4136, Credit for Federal Tax Paid on Fuels, after page 1 of Form 1120-POL. Attach schedules in alphabetical order and other forms in numerical order after Form 4136.

Complete every applicable entry space on Form 1120-POL. Do not write "See attached" instead of completing the entry spaces. If you need more space on the forms or schedules, attach separate sheets using the same size and format as on the printed forms. Show the totals on the printed forms. Attach these separate sheets after all the schedules and forms. Be sure to put the organization's name and EIN on each sheet.

Specific Instructions

Period covered. File the 2008 return for calendar year 2008 and fiscal years that begin in 2008 and end in 2009. For a fiscal year, fill in the tax year space at the top of the form.

Note. The 2008 Form 1120-POL may also be used if:

- The organization has a tax year of less than 12 months that begins and ends in 2009, and
- The 2009 Form 1120-POL is not available at the time the organization is required to file its return. The organization must show its 2009 tax year on the 2008 Form 1120-POL and take into account any tax law changes that are effective for tax years beginning after December 31, 2008.

Address. Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the organization has a P.O. box, show the box number instead of the street address.

Final return, name change, address change, amended return. If the organization ceases to exist, check the "Final return" box.

If the organization has changed its name since it last filed a return, check the "Name change" box.

If the organization has changed its address since it last filed a return, check the "Address change" box.

Note. If a change in address occurs after the return is filed, the organization should use Form 8822, Change of Address, to notify the IRS of the new address.

Amended return. If you are filing an amended Form 1120-POL:

- Check the "Amended return" box,
- Complete the entire return,
- Correct the appropriate lines with the new information, and
- Refigure the tax liability.

Attach a sheet that explains the reason for the amendments and identifies the lines and amounts being changed on the amended return. Generally, the amended return must be filed within 3 years after the date the original return was due or 3 years after the date the organization filed it, whichever is later.

Employer identification number (EIN). Enter the nine-digit EIN assigned to the organization. If the organization does not have an EIN, it must apply for one. An EIN can be applied for:

- Online by clicking the *Employer ID Numbers (EINs)* link at *www.irs.gov/businesses/small*. The EIN is issued immediately once the application information is validated.
- By telephone at 1-800-829-4933.

The online application process is not yet available for organizations with addresses in foreign countries.

If the organization has not received its EIN by the time the return is due, write "Applied for" in the space provided for the EIN. See Pub. 583 for details.

Income and deductions. Campaign contributions and other exempt function income are generally not includible in income; likewise, campaign expenditures and other exempt function expenditures are not deductible. To be deductible in computing political organization taxable income, expenses must be directly connected with the production of political organization taxable income. In those cases where expenses are attributable to the production of both exempt function income and political organization taxable income, the expenses should be allocated on a reasonable and consistent basis. Only the portion allocable to the production of political organization taxable income may be deducted. No deduction is allowed for general administrative or indirect expenses.

Line 7. Other income and nonexempt function expenditures. Enter the income from other sources, such as:

- Exempt function income that was not properly segregated for exempt functions.
- Income received in the ordinary course of a trade or business.
- Ordinary income from the trade or business activities of a partnership (from Schedule K-1 (Form 1065), box 1).
- Exempt function income (minus any deductions directly connected with the production of that income) taxable under section 527(i)(4) for failure to timely file Form 8871. Include amounts whether or not segregated for use for an exempt function.

Also include on this line:

- Expenditures that were made from exempt function income that were not for an exempt function and resulted in direct or indirect financial benefit to the political organization (see Regulations section 1.527-5 for examples) and
- Illegal expenditures.

Attach a schedule listing all income and expenditures included on line 7.

Line 17. Taxable income before specific deduction of $100. Political organizations, newsletter funds, and separate segregated funds: Subtract line 16 from line 8 and enter the result on line 17(c).

Exempt organizations (section 501(c)) that are not political organizations. Complete lines 17a and 17b if the organization made exempt function expenditures that were not from a separate segregated fund. Enter on line 17c the smaller of line 17a or 17b. See *Exempt organization that is not a political organization* on page 3 for an explanation of the amounts to enter on these lines.

Line 19. Taxable income. If the taxable income on line 19 is zero or less, the Form 1120-POL is not required to be filed, but it may be filed to start the statute of limitations period.

Line 20. Income tax. The rate of tax imposed depends on whether the political organization is a principal campaign committee as defined in section 527(h). The tax rate is lower for a principal campaign committee.

Political organization not a principal campaign committee. An organization that is not a principal campaign committee computes its tax as follows: Multiply line 19 by 35% and enter the result on line 20.

Principal campaign committee (section 527(h)). A political organization that is a principal campaign committee of a candidate for U.S. Congress computes its tax in the same manner as provided in section 11(b) for corporations. Compute the tax as follows:

1. Enter taxable income (line 19, Form 1120-POL) . . . . _____
2. Enter line 1 or $50,000, whichever is less . . . . _____
3. Subtract line 2 from line 1 . _____
4. Enter line 3 or $25,000, whichever is less . . . . _____
5. Subtract line 4 from line 3 . _____
6. Enter line 5 or $9,925,000, whichever is less . . . . _____
7. Subtract line 6 from line 5 . _____
8. Multiply line 2 by 15% . . _____
9. Multiply line 4 by 25% . . _____
10. Multiply line 6 by 34% . . _____
11. Multiply line 7 by 35% . . _____
12. If line 1 is greater than $100,000, enter the smaller of: 5% of taxable income in excess of $100,000, or $11,750 . . . . . _____
13. If line 1 is greater than $15 million, enter the smaller of: 3% of taxable income in excess of $15 million or $100,000 . . . . . _____
14. Add lines 8 through 13. Enter here and on line 20, Form 1120-POL . . . . . _____

Note. Estimated tax and alternative minimum tax do not apply to political organizations.

Line 21. Tax credits. The organization may qualify for the following credits:

- **Foreign tax credit.** See Form 1118, Foreign Tax Credit—Corporations.
- **Qualified electric vehicle credit.** See Form 8834, Qualified Electric Vehicle Credit, and section 30.
- **General business credit** (excluding the Indian employment credit, the work opportunity credit, the welfare-to-work credit, the empowerment zone and renewal community employment credit, the differential wage payment, and the employee retention credit). See Form 3800, General Business Credit.

Enter the total amount of qualified credits on line 21 and attach the applicable credit forms.

Line 22. Total tax. If the political organization must recapture any of the qualified electric vehicle credit, include the amount of the recapture in the total for line 22. On the dotted line next to the entry space, write "QEV recapture" and the amount. See Regulations section 1.30-1 for details on how to figure the recapture.

Additional Information

Question 1

Foreign financial accounts. Check the "Yes" box if either 1 or 2 below applies to the organization. Otherwise, check the "No" box.

1. At any time during the 2008 calendar year the organization had an interest in or signature or other authority over a bank, securities, or other financial account in a foreign country; and

- The combined value of the accounts was more than $10,000 at any time during the calendar year; and
- The account was not with a U.S. military banking facility operated by a U.S. financial institution.

2. The organization owns more than 50% of the stock in any corporation that would answer "Yes" to item 1 above.

See Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to find out if the organization is considered to have an interest in or signature or other authority over a financial account in a foreign country.

If "Yes" is checked for this question, file Form TD F 90-22.1 by June 30, 2009, with the Department of the Treasury at the address shown on the form. Do not attach it to Form 1120-POL.

You can get Form TD F 90-22.1 by calling 1-800-TAX-FORM (1-800-829-3676) or you can download it from the IRS website at *www.irs.gov*.

Also, if "Yes" is checked for this question, enter the name of the foreign country or countries. Attach a separate sheet if more space is needed.

Question 2

If you checked "Yes," to Question 2, the organization may be required to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. For details, see Form 3520.

Note. An owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner. For details, see the instructions for Form 3520-A.

Question 3

In the space provided, show any tax-exempt interest income received or accrued. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires return preparers to provide their identifying numbers on the return.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	17 hr., 13 min.
Learning about the law or the form	5 hr., 15 min.
Preparing the form	12 hr., 17 min.
Copying, assembling, and sending the form to the IRS	1 hr., 52 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the tax form to this address. Instead, see *When and Where To File* on page 3.