



News Release

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IRS Acts to Enforce Reporting and Disclosure by Section 527 Political Groups

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WASHINGTON — The Internal Revenue Service announced today new steps to improve reporting and disclosure by tax-exempt “section 527” political groups.

The new initiative will include contacting section 527 political groups whose filings appear to be incomplete, were filed late, or were amended and are materially different from the original filing. The fact that a group is not contacted at this time does not mean that the group’s reports have been accepted as correctly filed.

The initiative’s launch is timed in advance of key upcoming filing dates so that correct information is available to the public as intended by Congress.

“This effort will help improve the completeness and accuracy of these important public disclosures,” said Steven T. Miller, Commissioner of the IRS Tax-Exempt and Government Entities Division. “Our job is to ensure compliance with the law.”

The purpose of section 527 groups is to engage in political activities. Under section 527 of the Internal Revenue Code, as modified in June of 2000 and November 2002, certain political groups must periodically file public disclosure reports with the IRS, rather than the Federal Election Commission. The statute requires these organizations to report their contributions and disbursements so that their support and operations are in the public domain in advance of elections.

There has been rapid growth in the activity of these groups. The IRS has identified concerns about dozens of filings from groups representing a wide variety of political and policy interests.

Martha Sullivan, IRS Director of Exempt Organizations, explained that the new effort is intended to step up enforcement of the reporting rules at a critical period. “The statute is very clear that those tax-exempt political organizations reporting to us must make the required disclosures in a timely, accurate manner,” Sullivan said. “The IRS is working to make sure this important information is available this fall and that these groups meet their public reporting responsibilities.”

In the initial stage of the program, the IRS will immediately begin contacting a cross-section of groups to request that they explain and correct apparent discrepancies in their existing filings prior to upcoming filing deadlines. These deadlines include September 20 (for monthly filers) or October 15 (for quarterly filers), as well as October 21 for pre-election reports.

An organization that fails to timely report, fails to include all required information about contributions and disbursements, or that reports incorrect information is required to pay 35 percent of the amount related to the failure. There is an exception for reasonable cause.

The filings, as well as information on the filing requirements and upcoming dates, are available on the IRS.gov website at www.irs.gov/polorgs. The IRS launched the revised website in July 2003 to make it easier for political organizations to electronically file required documents with the IRS and improve availability of these documents to the public.

This 527 initiative is consistent with the IRS's renewed emphasis on enforcement of the tax laws. One of the IRS's four key service-wide enforcement priorities is to discourage and deter non-compliance within tax-exempt and government entities and misuse of such entities by third parties for tax avoidance and other unintended purposes.