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)

1976

For calendar year 1976 or other taxable year beginning , 1976 and ending , 19 .

Note: *If you are a section 501(c) organization and described in instruction A.3, check here* ▶ ☐.

Please print or type

Name of organization | Employer identification number (see instruction O)

Number and street

City or town, State and ZIP code

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) Net capital gains from line 9, Schedule D	6(a)	
		(b) Ordinary gain or (loss) from Part II, Form 4797 (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	Salaries and wages	9	
	10	Repairs	10	
	11	Rents	11	
	12	Taxes (attach schedule)	12	
	13	Interest	13	
	14	Depreciation	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** (line 17 less line 18)	19	
Tax	20	Total tax (from line 10 of Schedule A)	20	
	21	Credits:		
		(a) Tax deposited with Form 7004 (attach copy)		
		(b) Tax deposited with Form 7005 (attach copy)		
		(c) Credit from regulated investment companies (attach Form 2439)	21	
	22	**Tax due** (line 20 less line 21). See instruction I for depositary method of payment	22	
	23	**Overpayment** (line 21 less line 20)	23	

Foreign Accounts and Foreign Trusts

1 Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)? ☐ Yes ☐ No
If "Yes," attach Form 4683. (For definitions, see Form 4683.)

2 Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? ☐ Yes ☐ No
If "Yes," attach Form 4683. (For definitions, see Form 4683.)

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 the preparer has any knowledge.

Date | Signature of officer | Preparer's signature (and employer's name, if any) | Date

Title | Identifying number (see instructions) | Address and ZIP Code

Schedule A.—Tax Computation Schedule

1	Taxable income (line 19, page 1)	1	
2	46% of the first $25,000 of taxable income on line 1	2	
3	48% of taxable income on line 1 in excess of $25,000	3	
4	Total of lines 2 and 3	4	
5	Income tax (line 4 or alternative tax from line 16, Schedule D below, whichever is lesser)	5	
6	(a) Work incentive (WIN) credit (attach Form 4874)		
	(b) Foreign tax credits (attach Form 1118)		
7	Total of lines 6(a) and (b)	7	
8	Line 5 less line 7	8	
9	Tax from recomputing a prior year WIN credit (attach computation)	9	
10	Total tax (add lines 8 and 9). Enter here and on line 20, page 1	10	

Schedule D.—Capital Gains and Losses

Part I Short-term Capital Gains and Losses—Assets Held 6 Months 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	e. Cost or other basis and expense of sale	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 6 Months

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

Part IV Alternative Tax Computation (See Instructions for Schedule D)

10	Taxable income (line 19, page 1)	10	
11	Excess of net long-term capital gain over net short-term capital loss (line 8)	11	
12	Line 10 less line 11	12	
13	46% of the first $25,000 of taxable income on line 12	13	
14	48% of taxable income on line 12 in excess of $25,000	14	
15	30% of line 11	15	
16	**Alternative tax** (total of lines 13, 14, and 15). If applicable, enter here and on line 5, Schedule A	16	

Schedule K.—Record of Federal Tax Deposits Class Tax Number 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 Taxable Year		End of Taxable Year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
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 nongovernment 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—line 21, column B, Schedule L	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, 8 and 9	10	
11 Total net worth at end of year (line 6 less line 10)—line 21, column D, Schedule L	11	

General Instructions

(References are to the Internal Revenue Code.)

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 taxable 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 taxable year for an exempt function (defined in E below) or

(ii) the net investment income of such organization for the taxable 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 will not take into account 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 consists of a normal tax and surtax computed as provided in section 11 as though the political organization were a corporation and as though the political organization taxable income was the taxable income referred to in section 11. The surtax exemption (section 11(d)) is not allowed.

C. Taxable Income.—

Note: *Campaign contributions are not includible in income; expenditures for campaign purposes are not deductible.*

Taxable income is the excess of:

1. gross income for the taxable 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 or

3. proceeds from a political fundraising 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,

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.—(Section 501(c) organizations filing Form 1120–POL must file this form with the Philadelphia Service Center), otherwise—

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 1040 Waverly Avenue Holtsville, New York 11799
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Internal Revenue Service Center 310 Lowell Street Andover, Mass. 01812
Alabama, Florida, Georgia, Mississippi, South Carolina	Internal Revenue Service Center 4800 Buford Highway Chamblee, Georgia 30006
Michigan, Ohio	Internal Revenue Service Center Cincinnati, Ohio 45298
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Internal Revenue Service Center 3651 S. Interregional Highway Austin, Texas 78740
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Internal Revenue Service Center 1160 West 1200 South Street Ogden, Utah 84201
Illinois, Iowa, Missouri, Wisconsin	Internal Revenue Service Center 2306 E. Bannister Road Kansas City, Missouri 64170
California, Hawaii	Internal Revenue Service Center 5045 East Butler Avenue Fresno, California 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Internal Revenue Service Center 3131 Democrat Road Memphis, Tennessee 38110
Delaware, District of Columbia, Maryland, Pennsylvania	Internal Revenue Service Center 11601 Roosevelt Boulevard Philadelphia, Pa. 19155

G. When to File.—In general, Form 1120–POL must be filed on or before the 15th day of the 3rd month after the end of the taxable year.

You may request an automatic 3-month extension of time to file Form 1120–POL by filing Form 7004.

Form 7005 may be used to request an additional extension but only by organizations that have previously obtained an automatic 3-month extension by filing Form 7004.

H. Period to be Covered by 1976 Return.—File the 1976 return for calendar year 1976 and fiscal years beginning in 1976 and ending in 1977. If the return is for a fiscal year, fill in the taxable year space on the form.

I. Depositary Method of Tax Payment.— The balance of the tax due (line 22) must be paid in full when the return is filed or in two installments, 50% by the 15th day of the 3rd month and 50% by the 15th day of the 6th month after the end of the taxable year.

Organizations must deposit all income tax payments, accompanied by a Federal Tax Deposit Form preinscribed with a Class Tax Number 503, with an authorized commercial bank depositary or Federal Reserve bank. Do not remit directly to Internal Revenue.

In Schedule K, list all Tax Class Number 503 deposits that relate to the taxable year for which this return is filed and which were made before or simultaneously with the filing of this return.

Timeliness of deposits will be determined by the date the deposit was recorded as received by the commercial bank depositary or Federal Reserve bank.

Organizations needing Federal Tax Deposit Forms preinscribed with a Tax Class Number 503 may obtain them from the Internal Revenue Service Center where they will file their returns. The application should include the organization's name, identification number (if any), address, and the taxable year to which the deposits relate.

J. Change in Accounting Period.—To change your accounting period, see section 1.442–1 of the regulations and Form 1128, Application for Change in Accounting Period.

K. Accounting Methods.—Taxable income must be computed using the method of accounting regularly used in keeping the organization's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, you may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first obtaining consent on Form 3115, Application for Change in Accounting Method.

L. Rounding Off to Whole-dollar Amounts.—The money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

M. Attachments.—If more space is needed on forms or schedules, attach separate sheets and use the same arrangement as the printed forms, but show the totals on the printed forms. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

N. Signature.—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. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of an organization.

If the person who prepares the return for pay is not an employee of a firm, corporation or another individual, then that person must sign the return as preparer and enter his or her social security number and address. If the person who prepares the return for pay is an employee of a firm, corporation or another individual, then that person must sign the return and enter the employer's name, identification number, and address. If prepared by the taxpayer's regular, full-time employee, such as a clerk, secretary, or bookkeeper, the employee does not have to sign.

O. Identifying Number.—All political organizations (including separate segregated funds described in section 527(f)(3) and newsletter funds) must use an employer identification number. If you do not have an employer identification number for the political organization, apply for one from your Internal Revenue Service Center on Form SS–4, available from any Internal Revenue or Social Security Administration district office.

P. Penalties.—

1. A political organization that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed.

2. 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 penalties mentioned above are imposed on the net amount due—see section 6651(a)(1) and (2).

The above penalties will not be imposed if the political organization can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

The penalties are in addition to the interest charge imposed on unpaid tax at a rate established pursuant to section 6621.

Q. Possession Tax Credit.—See Form 5712 for rules on how to elect to claim the new possession tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for line 7, Schedule A (Form 1120–POL). Write in the margin next to the entry on line 7, the amount of the credit and identify it as being a section 936 credit.

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

S. Financial Statements.—Section 501(c) organizations do not have to complete Schedules L and M.

T. Foreign Bank, Securities and Other Financial Accounts, and Grantors, Transferors or Beneficiaries of Foreign Trusts.—Form 4683 must be completed by a person:

1. who had any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution), or

2. who was the grantor of, or transferor to, a foreign trust, during any taxable year, which foreign trust was in being during the current taxable year, whether or not that person has any beneficial interest in such trust.

Please note that this year Form 4683 must be filed by taxpayers having **any** interest in a foreign trust. In prior years this form was required to report an interest in a trust only if the interest was more than a 50% interest.

Instructions for Schedule D

This schedule provides for the reporting of sales or exchanges of capital assets. Every sale or exchange of property must be reported even though no gain or loss is indicated.

For reporting sales or exchanges of property other than capital assets including the sale or exchange of property used in a trade or business and involuntary conversions (section 1231), see Form 4797 and related instructions.

Capital Assets.—Each item of property held by a political organization (whether or not connected with a trade or business) is a capital asset except:

1. inventoriable assets or property held primarily for sale to customers;

2. depreciable or real property used in a 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; and

6. a publication of the United States Government (including the Congressional Record) which is received from the United States Government or any agency thereof, other than by purchase at the price at which it is offered for sale to the public, and which is held by (a) a taxpayer who so received such publication, or (b) a taxpayer in whose hands the basis of such publication is determined, for purposes of determining gain from a sale or exchange, in whole or in part by reference to the basis of such publication in the hands of a taxpayer described in 6(a). (Item 6 applies to sales, exchanges, and contributions made after October 4, 1976.)

Capital Losses.—Capital losses are allowed only to the extent of capital gains. A net capital loss, however, may be carried back three years and forward five as a short-term capital loss. The capital loss may be carried back only to the extent it does not increase or produce a net operating loss in the taxable year to which it is being carried.

Under the provisions of section 6411, a quick refund of the tax overpayment created by the capital loss carryback may be obtained by filing Form 1139.

Basis.—In determining gain or loss, the basis of property will generally be its cost. However, where 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 to the transferor.

Exchange of "Like Kind" Property.—Although no gain or loss is recognized when property held for productive use in a trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a "like kind" to be held either for productive use in a trade or business or for investment, you must report the transaction on Schedule D or Form 4797, whichever is applicable. If Schedule D is applicable, identify the property disposed of in column (a). Enter the date of acquisition in column (b) and write the date of exchange in column (c). Write "like kind exchange" in column (d) and enter the adjusted basis in column (e). Enter zero in column (f). (See section 1031.)

Alternative Tax Computation.—If you have an excess of net long-term capital gain over net short-term capital loss, compute the tax using the alternative method (Part IV) to determine if the resulting tax is less than the tax computed using the regular method.

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