

**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)

1979

For calendar year 1979 or other taxable year beginning _____, 1979 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? <input type="checkbox"/> Yes <input type="checkbox"/> 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, 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 11	Balance <input type="checkbox"/>	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 <input type="checkbox"/>	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)) <input type="checkbox"/>, (b) aggregate amount expended for an exempt function (attach schedule) <input type="checkbox"/>, 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 8)		
	21 Credits: (a) Tax deposited with Form 7004		21
	(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.

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.

Please Sign Here	Signature of officer	Date	Title	
	Preparer's signature and date <input type="checkbox"/>		Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours, if self-employed) and address		E.I. No.	ZIP code

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 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	
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	
10 Total of lines 7, 8 and 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 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 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 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,

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, 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 1979 Return.—File the 1979 return for calendar year 1979 and fiscal years beginning in 1979 and ending in 1980. 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.

Organization income tax payments must be deposited with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a Depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the taxpayer is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the organization's account. See the instructions on the back of Form 503 for additional information and exceptions.

In Schedule K, list all FTD Forms 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.

Organizations needing such deposit forms may apply for them from the Internal Revenue Service Center where they will file their returns. The application should include the organization's name, identification number, 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. Also see **Publication 538**, Accounting Periods and Methods.

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. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120-POL. 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 your organization officer filled in Form 1120-POL, the space under the signature of officer should remain 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 Information area of the return.

When more than one person prepares Form 1120-POL, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box in the preparer's section of Form 1120-POL.

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

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

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

- Give a copy of Form 1120-POL to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. **Publication 1045**, Information for Preparers of Federal Income Tax Returns, lists some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work.

O. Employer Identification Number.—All political organizations (including separate segregated funds described in section 527(f)(3) and newsletter funds) must use an employer identification number (EIN). Organizations that do not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120-POL is sent. Write "applied for" in the space provided for EIN, if it is not received by the time Form 1120-POL is filed.

P. Penalties.—

Avoid penalties and interest by correctly filing and paying the tax when due.

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 1/2% 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 possession 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, if applicable. Write in the margin next to the entry on line 5, the amount of the credit and identify it as being 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.

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

T. Foreign Financial Accounts and Foreign Trusts.—

Question 1: Check the Yes box if either (1) or (2) below applies to you.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. *Exception:* Check No if any of the following apply to you:

- The combined value of the accounts was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

(2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question 1, file Form 90-22.1 by June 30, 1980, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS. But be sure to file your Form 1120-POL with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question 2: Check the Yes box if you were a grantor of or a transferor to a foreign trust that existed during the tax year.

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.—

For amounts received from an installment sale, the holding period rule in effect in the year of sale will determine the treatment of the amounts received as long-term or short-term gain.

Gains and losses on futures transactions (but not options on futures transactions) in any commodity subject to the rules of a board of trade or commodity exchange will retain the more than 6-month holding period rule for long-term treatment. See section 1222.

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

1. inventorable 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).

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 there is a net capital gain (which means 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.

Instructions for Line 11.—If the amount on line 11 includes net capital gain that the organization received from certain conduits (partnerships, fiduciaries, real estate investment trusts and regulated investment companies) during 1979, a side calculation may be required. See Schedule D (Form 1120), Part IV and instructions if you have such gains.