

**U.S. Income Tax Return
for Certain Political Organizations**

▶ Page 2 is blank.

To be filed by those organizations having taxable income (line 19).

1984

For calendar year 1984 or other tax year beginning _____, 1984 and ending _____, 19__.

Note: If you are a section 501(c) organization (see instruction A3) 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 | (See instruction B2) If this is a principal campaign committee, and this is the ONLY political committee, check here . . . ▶ <input type="checkbox"/> If this is a principal campaign committee, but is NOT the only political committee, check here. . . ▶ <input type="checkbox"/> |

Enter name of candidate ▶ _____ The books are in care of ▶ _____
 Located at ▶ _____ Telephone No. ▶ _____

| | | | | |
|---|--|----|--|--|
| Gross Income | 1 Dividends (attach schedule) | 1 | | |
| | 2 Interest | 2 | | |
| | 3 Gross rents | 3 | | |
| | 4 Gross royalties. | 4 | | |
| | 5 Capital gain net income (attach Schedule D (Form 1120)) | 5 | | |
| | 6 Net gain or (loss) from Part II, Form 4797, (attach Form 4797) | 6 | | |
| | 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 | 12 | | |
| | 13 Interest | 13 | | |
| | 14 Depreciation from Form 4562 (attach Form 4562) | 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) an 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 Tax imposed (see instruction B) | 20 | | |
| | 21 Income tax (line 20 or alternative tax from Schedule D (Form 1120), line 17, whichever is less) | 21 | | |
| | 22 Credits—(see instruction R) | 22 | | |
| | 23 Total tax—Subtract line 22 from line 21 | 23 | | |
| | 24 Credits: (a) Tax deposited with Form 7004 (b) Credit from regulated investment companies (attach Form 2439) | 24 | | |
| | 25 Tax due (subtract line 24 from line 23). See instruction I for depository method of payment | 25 | | |
| | 26 Overpayment (subtract line 23 from line 24) | 26 | | |

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 S)? . . . 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 ▶ _____ 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 ▶ _____

Instructions

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

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

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 is only the preparation and circulation of the newsletter.

For further information, see section 527(g) and Regulations section 1.527-7.

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 a section 501(c) organization, taxable income is the lesser of:

- (i) the amount expended during the tax year for an exempt function (defined in E below), or
- (ii) the net investment income of the 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 these amounts are computed with the modifications described in C2 below.

Section 501(c) organizations exclude those items taken into account for 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 the fund is determined as described in C below.

For more information, see section 527(f) and Regulations section 1.527-6.

B. Tax Imposed.—The tax imposed depends on whether the political organization is considered a principal campaign committee (defined in instruction B2 below).

1. **Political organization not a principal campaign committee.**—Multiply line 19 by 46% and enter the amount on line 20.
2. **Principal campaign committee (section 527(h)).**—A principal campaign committee means the political committee designated only by a candidate for Congress as his or her principal campaign committee for purposes of section 302(e) of the Federal Election Campaign Act of 1971.

If a candidate for Congress elects to make a designation under section 527(h), he or she shall designate his or her principal campaign committee by attaching a copy of his or her Statement of Candidacy. This can be either the Federal Election Commission Form 2, or an equivalent statement filed with the Federal Election Commission. This designation may also be made by attaching a signed statement containing the following information:

- (1) name and address of the candidate for Congress;
- (2) taxpayer identification number;
- (3) party affiliation and the office sought;
- (4) district and State in which the office is sought; and
- (5) name and address of the principal campaign committee.

This designation must be attached to Form 1120-POL and may be made only by a candidate for Congress. If a designation is in effect from an earlier tax year, attach a copy to Form 1120-POL for this year, and check the appropriate box on the form.

If there is only one political committee with respect to a candidate, no designation is required. However, be sure to check the appropriate box on the form.

A principal campaign committee is subject to a lower rate of tax than other political organizations. Compute its tax as follows:

| If the amount on line 19 is: | | Enter on line 20: | |
|------------------------------|---------------|-------------------|---------------------|
| Over— | But not over— | | Of the amount over— |
| 0 | \$25,000 | 15% | 0 |
| \$25,000 | 50,000 | \$3,750 + 18% | \$25,000 |
| 50,000 | 75,000 | 8,250 + 30% | 50,000 |
| 75,000 | 100,000 | 15,750 + 40% | 75,000 |
| 100,000 | ----- | 25,750 + 46% | 100,000 |

For taxable income over \$1,000,000, an additional tax is imposed at the rate of 5% of the excess over \$1,000,000, or \$20,250, whichever is less.

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 defined below) over
2. the deductions allowed that 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 (special deductions for corporations) is not allowed.

See Regulations sections 1.527-4 and 1.527-5.

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, that 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 this amount is segregated for use only for the exempt function of the political organization.

See Regulations section 1.527-3.

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 the individual or electors are selected, nominated, elected, or appointed.

See Regulations section 1.527-2(c).

F. Where to File.—

If the political organization's main office is located in

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

Extensions.—File **Form 7004**, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension of time to file Form 1120-POL.

H. Period Covered.—File the 1984 return for calendar year 1984 and fiscal years that begin in 1984 and end in 1985. For a fiscal year, fill in the tax year space at the top of the form.

I. Depository Method of Tax Payment.—The organization must pay the tax due in full within 2½ months after the end of the tax year.

Deposit organization income tax payments with a Federal Tax Deposit Payment Coupon (**Form 8109**). If you do not receive these coupons, please contact your IRS district office. 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 organization is located. Do not submit deposits directly to an IRS office, otherwise the organization may be subject to a 5% FTD penalty. Records of deposits will be sent to IRS for crediting to the organization's account. See the instructions contained in the coupon book for more information.

To get more deposit forms, use the reorder form (**Form 8109A**) provided in the coupon book.

J. Change in Accounting Period.—Before changing an accounting period, the Commissioner's approval must be obtained (Regulations section 1.442-1) by filing **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 otherwise, the organization may change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on **Form 3115**, Application for Change in Accounting Method. Also see **Publication 538**.

L. Rounding Off to Whole-Dollar Amounts.—Money items may be shown on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase 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 to the back of Form 1120-POL. Attach schedules in alphabetical order and forms in numerical order. Also put the taxpayer's name and employer identification number (EIN) on each sheet.

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 an organization officer filled in Form 1120-POL, the Paid Preparer's space under "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 a clerk, secretary, etc. does not have to sign.

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.

The preparer 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. See **Publication 1045**, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

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).

An organization that does not have an EIN should apply for one on **Form SS-4**, Application for Employer Identification Number. Obtain this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120-POL is mailed. If the EIN has not been received by the filing time for Form 1120-POL, write "Applied for" in the space for the EIN.

P. Penalties.—

Avoid penalties and interest by correctly filing and paying the tax when due. The organization may have to pay the following penalties unless it can show that failure to file or to pay was due to reasonable cause and not willful neglect. (These penalties are in addition to the interest charge on unpaid tax at a rate under section 6621.)

- A political organization that fails to file its tax return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due.) The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

- 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.)

Penalty for Overstated Tax Deposits.—If deposits are overstated, the organization may be subject to a penalty. See section 6656(b).

Q. Estimated Tax, Minimum Tax, Employee Stock Ownership Credit, Investment Credit and Jobs Credit.—These items do not apply to political organizations defined in section 527.

R. Credits.—The organization may qualify for the following credits:

Foreign tax credit. See **Form 1118**, Computation of Foreign Tax Credit.

Research credit. See **Form 6765**, Credit for Increasing Research Activities, and section 30.

Possessions Tax Credit. See **Form 5712**, Election to be Treated as a Possessions Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit (section 936). Compute the credit on **Form 5735**, Computation of Possessions Corporation Tax Credit Allowed Under Section 936.

Credit for fuel produced from a nonconventional source. See section 29 for a definition of qualified fuels, provisions for figuring the credit, and other special rules.

Alcohol fuel credit. The organization may be able to take a credit for alcohol used as a fuel. See **Form 6478**, Credit for Alcohol Used As Fuel, and section 40(a).

Enter the total amount of credits on line 22, and attach the appropriate forms.

S. Foreign Financial Accounts and Foreign Trusts.—

Question 1: 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 year the organization had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country, AND

- The combined value of the accounts was more than \$5,000 at any time during the 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 owns one or more foreign bank accounts.

Get **Form TD F 90-22.1**, Report of Foreign Bank and Financial Accounts, to see if the organization is 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 "Yes" is checked for Question 1, file **Form TD F 90-22.1** by June 30, 1985, with the Department of the Treasury at the address shown on the form. **Form TD F 90-22.1** is not a tax return, so do not file it with the IRS.

Form TD F 90-22.1 can be obtained from many IRS offices.

Question 2: Check the "Yes" box if the organization was a grantor of, or a transferor to, a foreign trust that existed during this tax year.