

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

1990

Department of the Treasury
Internal Revenue Service

► For Paperwork Reduction Act Notice, see Instructions on page 2.
► Only organizations that have taxable income (line 19) file Form 1120-POL.

For calendar year 1990 or other tax year beginning _____, 1990, and ending _____, 19

Note: If you are a section 501(c) organization (see instruction B3) or a separate segregated fund described in section 527(f)(3), check here ►

Please print or type	Name of organization	Employer identification number
	Number, street, and room or suite no. (If a P.O. box, see page 2 of Instructions.)	Date organization formed
	City or town, state, and ZIP code	<input type="checkbox"/> If this is a principal campaign committee, and it 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 and attach a copy of designation (see instruction B4)

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

Check applicable boxes: (1) Final return (2) Change in address (3) Amended return

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 Form 4797, Part II, line 18 (attach Form 4797)	6		
	7 Other income and nonexempt function expenditures (see instructions)	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 (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 (see instructions). Section 501(c) organizations show:			
	a amount of net investment income	17c		
b aggregate amount expended for an exempt function (attach schedule)	17c			
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 17c)	19			
Tax	20 Income tax (see instructions)	20		
	21 Credits (Attach all applicable forms) (see instructions)	21		
	22 Total tax (subtract line 21 from line 20)	22		
	23 Payments: a Tax deposited with Form 7004	23a		
	b Credit from regulated investment companies (attach Form 2439)	23b		
	c Credit for Federal tax on fuels (attach Form 4136)	23c		
	d Total (add lines 23a through 23c)	23d		
24 Tax due (subtract line 23d from line 22). See instruction F3 for depository method of payment	24			
25 Overpayment (subtract line 22 from line 23d)	25			

Additional Information	1 At any time during the tax year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions.) . . . <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," enter the name of the foreign country ► _____
	2 Was the organization the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the organization has any beneficial interest in it? . . . <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," the organization may have to file Form 3520, 3520-A, or 926.
	3 Enter the amount of tax-exempt interest received or accrued during the tax year . . . ► \$ _____

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 ► <input type="checkbox"/>	Preparer's social security no. _____
	Firm's name (or yours, if self-employed) and address _____	E.I. No. ► _____	ZIP code ► _____	

General Instructions

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

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 this 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.

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

Recordkeeping	14 hrs., 35 min.
Learning about the law or the form	6 hrs., 23 min.
Preparing the form	15 hrs., 17 min.
Copying, assembling, and sending the form to IRS	2 hrs., 25 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP, and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0129), Washington, DC 20503.

DO NOT send the tax form to either of these offices. Instead, see the instructions on page 3 for information on where to file.

Important Change

New Form 8826, Disabled Access Credit, has been developed as a result of the addition of section 44 by the Revenue Reconciliation Act of 1990. This allows eligible small businesses to claim a new nonrefundable income tax credit equal to 50% of the expenses that are over \$250 and not more than \$10,250. These expenses must be paid or incurred after November 5, 1990, to enable a small business to comply with the requirements of the Americans with Disabilities Act of 1990. An eligible small business is one with gross receipts of \$1 million or less in the previous tax year or one that had not more than 30 full-time employees in the preceding tax year. Examples of expenses eligible for the credit include amounts paid or incurred: (1) to remove barriers that prevent a business from being accessible to, or usable by, individuals with disabilities; (2) to provide qualified interpreters or other methods of making audio materials available to hearing-impaired individuals; (3) to provide qualified readers, taped text, and other methods of making visual materials available to individuals with visual impairments; or (4) to acquire or modify equipment or devices for individuals with disabilities.

A. Purpose of Form.—Form 1120-POL is used to report the taxable income and income tax liability of political organizations (including principal campaign committees), newsletter funds, and certain exempt organizations.

B. Who Must File

1. A political organization must file Form 1120-POL if the organization has any political organization taxable income. 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.

Taxable Income of a Political Organization.—Taxable income of a political organization is the excess of:

- gross income for the tax year (excluding exempt function income) over:
- deductions that are directly connected with the earning of gross income and computed with the following adjustments.

- a. a special deduction of \$100 is allowed,
- b. the net operating loss deduction is not allowed;
- c. the dividends-received deduction and other special deductions for corporations are not allowed. See Regulations sections 1.527-4 and 5.

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

- a. contributions of money or property
- b. membership dues, fees, or assessments paid by members of a political party,
- c. 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, or
- d. proceeds from conducting a bingo game, as defined in section 513(f)(2).

Exempt Function.—The exempt function in a political organization is 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 of 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. The term exempt function also means the making of expenditures related to the individual's office, once selected, elected, or appointed, but only if the expenditures would be deductible by the individual under section 162(a).

2. A newsletter fund must file Form 1120-POL if it has political organization taxable income. A newsletter fund 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 for use by such individual exclusively for the preparation and circulation of such individual's newsletter.

Taxable Income for a Newsletter Fund.—Taxable income for a newsletter fund is computed in the same manner as taxable income of a political organization is computed with one exception. The specific deduction of \$100 is not allowed.

3. Organizations described in section 501(c) and exempt from tax under section 501(a) must file Form 1120-POL if they have political organization taxable income.

Taxable Income for a Tax-Exempt Organization.—Political organization taxable income of an organization exempt from tax under section 501(c) is the lesser of:

- the amount spent for an exempt function during the tax year either directly or indirectly through another organization, or
- 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, 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 the deductions directly connected with the production of this income. The political organization taxable income of an exempt organization is subject to the same adjustments as those of a political organization (see instruction B1 above).

Note: A separate segregated fund maintained by a section 501(c) organization is treated as a separate entity and is taxed as a political organization. For more information, see section 527(f), Regulations section 1.527-6, and the definitions.

4. **Principal Campaign Committee.**—A principal campaign committee is the political committee designated 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 and section 527(h).

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 the Statement of Candidacy to Form 1120-POL. 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) the name and address of the candidate;
- (2) the candidate's identifying number;
- (3) the candidate's party affiliation and the office sought;
- (4) the district and state in which the office is sought; and
- (5) the name and address of the principal campaign committee.

Note: 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 of the earlier 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 has only one political campaign committee, no designation is required. However, be sure to check the appropriate box on page 1 of Form 1120-POL.

C. When 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

Extension.—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.

Period Covered.—File the 1990 return for calendar year 1990 and for fiscal years that begin in 1990 and end in 1991. For a fiscal year return, fill in the tax year space at the top of the form.

Final Return, Change In Address, Amended Return.—If this is a final return, or the organization's address has changed since the previous return was filed, or the organization is filing an amended return, check the appropriate block. Form 8822, Change of Address, can be filed to notify IRS of a change of address that occurs after the return is filed.

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 P.O. box number instead of the street address.

D. Where To File

If the political organization's main office is located in Use the following Internal Revenue Service Center address

New Jersey, New York (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
Florida, Georgia, South Carolina	Atlanta, GA 39901
Kansas, New Mexico, Oklahoma, Texas	Austin, TX 73301
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN 37501
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201

California (all other counties), Hawaii	Fresno, CA 93888
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255

E. Signature

The return must be signed and dated by the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or any other organization 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., should not 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.

F. Figuring and Paying the Tax

1. Accounting

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

Unless the law specifically permits otherwise, the organization may change the method of accounting from that 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 Pub. 538, Accounting Periods and Methods.

Change in Accounting Period.—Generally, before changing an accounting period, the Commissioner's approval must be obtained (Regulations section 1.442-1) by filing Form 1128, Application To Adopt, Change, or Retain a Tax Year. Also see Pub. 538.

2. Rounding Off to Whole-Dollar Amounts.—The organization may show the money items 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.

3. Depository Method of Tax Payment.—The organization must pay the

tax due in full when the return is filed but no later than the 15th day of the third month after the end of the tax year.

Deposit organization income tax payments with a Federal Tax Deposit Coupon (Form 8109). Be sure to darken the "1120" box on the coupon. Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve bank or branch 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 failure to deposit penalty. Records of deposits will be sent to IRS for crediting to the organization's account. See the instructions contained in the coupon book (Form 8109) for more information.

To help ensure proper crediting to your account, write your employer identification number, "Form 1120-POL," and the tax period to which the deposit applies on your check or money order.

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

A penalty may be imposed for failure to deposit the required amount of tax. See section 6656.

For more information concerning deposits, see Pub. 583, Taxpayers Starting a Business.

4. Penalties.—An organization may be subject to interest and penalty charges if the organization files a late return or fails to pay tax when due unless it can show that the failure to file or pay was due to reasonable cause and not willful neglect.

Interest is charged on taxes not paid by the due date even if an extension of the time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatements 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.

An organization that fails to file its tax return when due (including extensions of time for filing) may be subject to 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 \$100.

An organization that fails to pay the tax when due may be subject to a penalty of 1/2 of 1% of the unpaid tax, for each month or part of a month the tax is unpaid. The penalty cannot exceed 25% of the amount due. This penalty may also apply to any additional tax not paid within 10 days of the date of the notice and demand for payment.

Attachments.—Attach Form 4136, Credit for Federal Tax on Fuels, after page 1, Form 1120-POL. Attach schedules in alphabetical order and other forms in numerical order after Form 4136. To assist us in processing the return, we ask that you complete every applicable entry space on Form 1120-POL. Please do not write "See attached" in lieu of completing the entry spaces.

If more space is needed on forms or schedules, attach separate sheets to the back of Form 1120-POL. Indicate at the top of each attachment the form number or schedule letter of the form or schedule being continued. Show the information called for in the same order as on the printed form. Be sure to show totals on the printed forms.

Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the forms and schedules. Also put the organization's name and employer identification number (EIN) on each sheet.

Employer Identification Number.—Each political organization must use its employer identification number.

An organization that does not have an EIN should apply for one on **Form SS-4, Application for Employer Identification Number**. This form may be obtained 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 date for Form 1120-POL, write "Applied for" in the space for the EIN. For more information concerning an EIN, see Pub. 583.

Specific Instructions

Additional Information

Foreign Financial Accounts, Foreign Trusts, and Tax-Exempt Interest.—

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 financial account in a foreign country (such as a bank account, securities account, or other financial account); AND

• The combined value of the accounts was more than \$10,000 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 financial account in a foreign country (such as a bank account, securities account, or other financial account).

If "Yes" is checked for Question 1, file form TD F 90-22.1 by June 30, 1991, 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 Form 1120-POL.

Form TD F 90-22.1 may be obtained from IRS Forms Distribution Centers.

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

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.

Question 3: Report in the space provided, any tax-exempt interest received or accrued including any exempt interest dividends received as a shareholder in a mutual fund or other regulated investment company.

Income and Deductions.—Campaign contributions and other exempt function income are not includible in income; likewise, campaign expenditures and other exempt function expenditures are not deductible. Generally, 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 total income from other sources, such as exempt function income that was not properly segregated for exempt functions and income received in the course of an ordinary trade or business. Also include on this line the total expenditures that were made from exempt function income that were not for an exempt function and resulted in a direct or indirect financial benefit to the political organization or were illegal. Attach a schedule listing all income and expenditures included on line 7.

Lines 17(a) and 17(b), Taxable income before specific deduction of \$100.— Complete these lines only if your organization is a section 501(c) organization that made exempt function expenditures that were not from a separate segregated fund. For a description of the amounts to be entered on these lines, see the definition of taxable income for section 501(c) organizations in instruction B3.

Line 17(c), 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). Section 501(c) organizations enter on line 17(c) the lesser of line 17(a) or line 17(b).

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) and instruction B4. 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 on political organization taxable income as follows: Multiply line 19, Form 1120-POL by 34%. Enter the result on line 20, Form 1120-POL.

Principal campaign committee (section 527(h)).—A political organization that is a principal campaign committee of a candidate for Congress computes its tax as follows: Complete lines 1 through 10, below, and enter the amount from line 10 on line 20, Form 1120-POL.

1. Enter taxable income (line 19, Form 1120-POL) _____
2. Enter the smaller of line 1 or \$50,000 _____
3. Subtract line 2 from line 1 _____
4. Enter the smaller of line 3 or \$25,000 _____
5. Subtract line 4 from line 3 _____
6. Enter 15% of line 2 _____
7. Enter 25% of line 4 _____
8. Enter 34% of line 5 _____
9. If line 1 is greater than \$100,000, enter the lesser of: 5% of the excess over \$100,000; or \$11,750 _____
10. Add lines 6 through 9. Enter here and on line 20, Form 1120-POL _____

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

Line 21, Credits.—The organization may qualify for the following credits:

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

Possessions tax credit. See Form 5712, Election To be Treated as a Possessions Corporation Under Section 936, and Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936.

Alcohol fuel credit. See Form 6478, Credit for Alcohol Used as Fuel, and section 40.

Research credit. See Form 6765, Credit for Increasing Research Activities, and section 41.

Disabled access credit. See Form 8826, Disabled Access Credit, and section 44.

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.

Enter the total amount of these credits on line 21 and attach the appropriate forms.

Note: Investment credit and jobs credit do not apply to political organizations.