



Instructions for Form 8871

(Rev. November 2002)

Political Organization Notice of Section 527 Status

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

General Instructions

Changes To Note

- A political committee of a state or local candidate and a state or local committee of a political party are no longer required to file Form 8871.
- Organizations are now only required to file Form 8871 electronically. The paper version of Form 8871 is obsolete.
- Beginning with material changes to an organization occurring on or after November 2, 2002, an organization must file Form 8871 to report the material change. See **When To File** below.
- An organization that claims exemption from filing **Form 8872**, Political Organization Report of Contributions and Expenditures, **Form 990**, Return of Organization Exempt From Income Tax, or **Form 990-EZ**, Short Form Return of Organization Exempt From Income Tax, must report such claim on Form 8871. See **Part II** on page 2.

Purpose of Form

Political organizations must use Form 8871 to notify the IRS that the organization is to be treated as a tax-exempt section 527 organization. The IRS is required to make publicly available on the Internet and at its offices a list of the organizations that file Form 8871 (including the organization's mailing address, e-mail address, custodian of records, and contact person as shown on Form 8871).

Political organizations must also use Form 8871 to notify the IRS of any material change in the information reported on a previously filed Form 8871.

Definitions

Political organization

Political organization means a party, committee, association, fund, or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function.

Exempt function

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 the Presidential or Vice Presidential electors, whether or not such

individual or electors are selected, nominated, elected, or appointed. It also includes expenditures made relating to one of these offices, which if incurred by the individual, would be allowable as a business deduction under section 162(a).

Who Must File

Every political organization that is to be treated as a tax-exempt political organization under the rules of section 527 must file Form 8871, except for:

- An organization that reasonably expects its annual gross receipts to always be less than \$25,000,
- A political committee required to report under the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.),
- A political committee of a state or local candidate,
- A state or local committee of a political party, or
- A tax-exempt organization described in section 501(c) that is treated as having political organization taxable income under section 527(f)(1).

When To File

Initial Filing

Form 8871 must be filed **within 24 hours** of the date on which the organization was established. If the due date falls on a Saturday, Sunday, or legal holiday, the organization may file on the next business day.

To Report a Material Change

In general, an organization must file an amended Form 8871 within 30 days after the occurrence of the material change being reported. An organization must file a final Form 8871 within 30 days of termination.

However, for any material change occurring after November 2, 2002, and before December 3, 2002, the organization must file Form 8871 to report the change before the later of **(a)** 30 days after the date of the material change, or **(b)** December 17, 2002.

Where and How To File

Section 527(i)(1)(A) requires that the organization file Form 8871 electronically. File Form 8871 via the IRS Internet Web Site at: www.irs.gov/polorgs.

To complete the electronic filing, print the pdf file of the electronic submission and send a signed copy of the Declaration of Electronic Filing to the Internal Revenue Service Center, Ogden, UT 84201. The Declaration of Electronic

Filing is part of Form 8871, and the organization's filing will not be considered complete until it is filed with the IRS. While not required to establish timely filing, section 7502(b) provides that sending a document by U.S. registered mail provides prima facie evidence of the mailing date and that it was delivered.

Who Must Sign

Form 8871 must be signed by an official authorized by the organization to sign this notice.

Effect of Failure To File Form 8871

An organization that is required to file Form 8871, but fails to do so on a timely basis, will not be treated as a tax-exempt section 527 organization for any period before the date Form 8871 is filed. In addition, the taxable income of the organization for that period (or, for a material change, where there is a failure timely to file an amended Form 8871, for the period beginning on the date the change occurred and ending on the date on which Form 8871 is filed) will be computed by including its exempt function income (minus any deductions directly connected with the production of that income).

Other Required Reports and Returns

An organization that files Form 8871 may also be required to file the following forms:

- **Form 8872**, Political Organization Report of Contributions and Expenditures (periodic reports are required during the calendar year).
- **Form 990**, Return of Organization Exempt From Income Tax, or **Form 990-EZ**, Short Form Return of Organization Exempt From Income Tax (or other designated annual information return).
- **Form 1120-POL**, U.S. Income Tax Return for Certain Political Organizations (annual income tax return).

Public Inspection of Form 8871 and Related Materials

Form 8871 (including any supporting papers), and any letter or other document the IRS issues with regard to Form 8871, are open to public inspection at the IRS in Washington, DC, and on the IRS internet web site at www.irs.gov/polorgs. In addition, the organization must make

available for public inspection a copy of these materials during regular business hours at the organization's principal office and at each of its regional or district offices having at least three paid employees. A penalty of \$20 per day will be imposed on any person under a duty to comply with the public inspection requirement for each day a failure to comply continues.

Telephone Assistance

If you have questions or need help completing Form 8871, please call **1-877-829-5500**. This toll-free telephone service is available Monday through Friday from 8:00 a.m. to 6:30 p.m. Eastern time.

Specific Instructions

Part 1

Employer Identification Number (EIN)

Enter the correct EIN in the space provided. If the organization does not have an EIN, it must apply for one on **Form SS-4**, Application for Employer Identification Number. Form SS-4 can be obtained by downloading it from the IRS Internet Web Site at www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

Line 4b

For an initial notice, the date of material change is not required except where the organization is filing its initial notice because it no longer qualifies for an exception to the filing requirements, such as reasonably anticipating it will always have annual gross receipts of less than \$25,000. In that case, enter the date the organization no longer qualified for the exception. For an amended return, enter the date of the material change being reported. For a final return, enter the date the organization terminated.

Lines 6a and 6b

Enter the name and address of the person in possession of the organization's books and records.

Lines 7a and 7b

Enter the name and address of the person whom the public may contact for more information about the organization.

Part II

Lines 9a and 9b

Qualified state or local political organizations (defined below) are exempt from filing Form 8872. If you are claiming this exemption for the organization, you must check the "Yes" box on line 9a and provide the information requested on line 9b. If not, check the "No" box.

A qualified state or local political organization is a political organization that meets the following requirements:

- The organization's exempt functions are solely for the purpose of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any state or local public office or office in a state or local political organization.
- The organization is subject to state law that requires it to report information similar to that required on Form 8872.
- The organization files the required reports with the state.
- The state makes such reports public and the organization makes them open to public inspection in the same manner that organizations must make Form 8872 available for public inspection.

For additional information, including the prohibition of involvement in the organization of a Federal candidate or office holder, see section 527(e)(5).

Line 10

A political organization that is a caucus or association of state or local officials is exempt from filing Form 990. If you are claiming this exemption for the organization, you must check the "Yes" box on line 10. If not, check the "No" box.

Part IV

Lines 12a through 12c

List the name, relationship, and address of all related entities. An entity is a **related entity** if either 1 or 2 below applies:

1. The organization and that entity have **(a)** significant common purposes and substantial common membership or **(b)** substantial common direction or control (either directly or indirectly).
2. Either the organization or that entity owns (directly or through one or more entities) at least a 50% capital or profits interest in the other. For this purpose, all entities that are defined as related entities under 1 above must be treated as a single entity.

If 1 applies, enter "connected" under relationship. If 2 applies, enter "affiliated" under relationship.

If there are no related entities, check the Not Applicable box and use the "Go to Officer" button. If there is more than one related entity, use the "Add Another Entity" button until all related entities are entered, then use the "Go to Officer" button.

Part V

Lines 13a through 13c

Enter the name, title, and address of all of the organization's officers, members of

the board of directors, and highly compensated employees. **Highly compensated employees** are the five employees (other than officers and directors) who are expected to have the highest annual compensation over \$50,000. Compensation includes both cash and noncash amounts, whether paid currently or deferred, for the accounting period that includes the date the organization was formed (if the organization was formed after June 30, 2000). If the organization was already in existence on June 30, 2000, use the accounting period that includes July 1, 2000.

If there is more than one individual required to be listed in Part V, use the "Add Another Officer" button until all names are entered, then use the "Done" button.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. If the organization is to be treated as a tax-exempt section 527 organization, you are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 8871 are covered in section 6104.

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

Recordkeeping	3 hr., 7 min.
Learning about the law or the form	35 min.
Preparing, copying, assembling, and sending the form to the IRS	41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send Form 8871 to this address. Instead, see **Where and How To File** on page 1.
