



# EXEMPT ORGANIZATIONS

---

**Note:** What follows is an excerpt from [Exempt Organizations' Annual Report for Fiscal Year 2010 and Work Plan for Fiscal Year 2011](#).

---

\* \* \* \* \*

- *Political Activities Compliance Initiative (PACI)*. This initiative addressed allegations of prohibited political campaign activities by 501(c)(3) organizations.

Treasury and the IRS issued a revenue ruling to educate section 501(c)(3) exempt organizations about permissible and impermissible activities in the political arena. Additionally, EO updated Publication 1828, *Tax Guide for Churches and Religious Organizations*. EO also provided guidance about political activities in public presentations, including the IRS Nationwide Tax Forums and *Tax Talk Today*, the IRS web-based program for practitioners.

In addition to guidance and education, EO has examined over 250 organizations based on allegations of political activity during the 2004, 2006 and 2008 federal election years. EO substantiated the allegations in over half of the examinations and closed most of these with a warning to comply with the ban on political activities in the future. EO revoked the tax-exempt status of seven non-compliant organizations.

The chart below tracks the most common types of PACI allegations:

<b>ALLEGATION</b>	<b>2004</b>	<b>2006</b>	<b>2008</b>
1. Exempt organization distributed printed documents supporting candidates.	24	14	24
2. Church official made a statement during normal services endorsing candidates.	19	14	47
3. Candidate spoke at an official EO function.	11	16	2
4. Organization distributed improper voter guides or candidate ratings.	14	8	3
5. Organization posted a sign on its property endorsing a candidate.	12	13	11
6. Organization endorsed candidates on its website or through links on its website.	15	11	16
7. Organization official verbally endorsed a candidate.	8	5	2
8. Organization made a political contribution to a candidate.	7	11	12
9. Organization allowed a non-candidate to endorse a candidate during a speech at the organization function.	4	2	1
10. Other	0	16	15
<b>TOTAL</b>	<b>114</b>	<b>110</b>	<b>133</b>

*\* Because the majority of complaints for the 2010 election year came in during the later part of the year, they are still going through the classification process, so they are not included in the chart.*

As we move review of allegations of political campaign intervention from project to process, the guidance and expertise developed over the past few election cycles will enable us to continue to handle these allegations appropriately, both at the classification stage and through the examination process.

\* \* \* \* \*