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**Module 13**

**501(c)(3) Organizations and Electioneering**

**PowerPoint Script**

**Slide 1: Title Page**

Welcome to a brief introduction on 501(c)(3) organizations and electioneering.

**Slide 2: Learning Objectives**

Today we are going to spend some time talking about charitable organizations and electioneering. The goal of this training module is to educate you as to why your organization needs to pay attention to its electioneering activities. First, we will briefly discuss what electioneering is. Next, we will discuss restrictions on a charity’s electioneering activities and the penalties for failure to comply.

As we go through the material today it is important to remember this just a brief overview. You can find on our website substantially more detail on the material covered today.

**Slide 3: Overview**

Can charities engage in electioneering activities?

Read from the slide.

**Slide 4: What is Electioneering?**

If I were to ask you what electioneering was, what would you say? Most individuals would likely say it has something to do with elections and that is correct. Electioneering is defined as the participation or intervention “in any political campaign on behalf of (or in opposition to) any political candidate for public office.”

Read examples from the slide.

**Slide 5: How are §501(c)(3) organizations affected by the limits on electioneering?**

So you are most likely thinking if a non-profit can engage in permissible non-partisan electioneering activities, what happens if an organization crosses the line? Well, organizations receiving tax-deductible donations are prohibited from engaging in political campaign interventions (campaign interventions are covered in module 13) or other enumerated electioneering related activities. If an organization engages in impermissible electioneering, it risks losing its tax-exempt status, so it is important for organizations to understand what activities are permissible, and what crosses the line into impermissible actions.

**Slide 6: When does an organization engage in impermissible electioneering?**

So now the big question! What activities constitute impermissible electioneering? You will recall that in slide 4, electioneering was defined as the participation or intervention “in any political campaign on behalf of (or in opposition to) any political candidate for public office.” So, where an organization participates or intervenes in any political campaign or on behalf of, or in opposition to, any campaign for public office, it has likely engaged in impermissible electioneering. Some examples of impermissible electioneering include where an organization: (read directly from the slide here).

**Slide 7: When does an organization engage in activities that are not considered electioneering?**

With that same definition in mind, we now look at what activities an organization can permissibly engage in. As such, an organization engages in permissible electioneering activities where it: (read directly from the slide here).

**Slide 8: Political and other expenditures**

Now that we have introduced the concept of electioneering, we now look to taxes. Political expenditures on legal political activity fees for speeches or preparing legislative-issue-related materials are taxable – and most certainly will be taxed.

Read the slide.

Initially, the organization will be taxed at 10% of each total expenditure amount. After that, the organization can additionally be taxed at 100% of the expenditure amount if expenditures are not corrected within the taxable period.

**Slide 9: Note on political and other expenditures**

Read the slide.

Managers can individually be responsible for taxes on political expenditures if any managers agree to the expenditures willingly. The going rate for that is a whopping 2.5%. Now I know what you are thinking, wow 2.5% that’s not really a big deal, right? But bear in mind that if any additional taxes occur due to no corrections being made during the taxable period, you yourself, and any other consenting managers are going to be taxed at a possible maximum of $10,000.

**Slide 10: Permissible political activities tax chart:**

This next slide breaks down the initial taxes, additional taxes, and special rules. This chart reiterates what slides 8 and 9 covered and can be accessed on the website. If you have specific questions regarding the taxation of your organization’s permissible electioneering activities, consult with your attorney.

**Slide 11: End.**