

COMPARISON OF 501(C)(3)S,* 501(C)(4)S, AND POLITICAL ORGANIZATIONS

	501(c)(3)	501(c)(4)	Political Organization (“PO”)
Tax Status	Tax exempt; contributions to a 501(c)(3) are generally tax deductible; contributions are not subject to federal gift tax	Tax exempt; contributions to a 501(c)(4) are not generally tax deductible; contributions may be subject to gift tax	Tax exempt; contributions to a PO are not tax deductible; contributions are not subject to gift tax
Related Organizations	May establish a 501(c)(4)	May establish a 501(c)(3) and a PO	May be established by a 501(c)(4)
Lobbying Activities	Limited expenditures to influence legislation, ballot measures, and judicial nominations	No limit on lobbying expenditures	Limited (insubstantial) lobbying expenditures permissible, but may be subject to tax if not furthering political purposes
Political Activities	<p>Prohibited from engaging in any partisan political activities; may conduct nonpartisan voter engagement activities</p> <p>May not establish a PO for political activities</p> <p>Penalties: Revocation of tax-exempt status and excise taxes on both the organization and its managers</p>	<p>May carry on partisan political activities subject to federal and state campaign finance laws</p> <p>May not be the “primary purpose” of the organization; must be “secondary”</p> <p>May establish a PO for political activities</p> <p>Tax on political expenditures</p>	No limit on aggregate expenditures; subject to state and federal campaign finance laws including limits on contributions
Application for Tax-Exempt Status and Subsequent Reporting Requirements	IRS Form 1023; report annually on IRS Form 990 and Schedules A and B	IRS Form 1024; report annually on IRS Form 990; political expenditures are reported on IRS Form 1120-POL	Depends on type of PO; see chart below
IRS Requirements for Disclosing the Non-Deductibility of Contributions on Fundraising Solicitations	Not required	<p>For contributions, disclosure of non-deductibility required on all solicitations by writing, television, radio, or telephone (with limited exceptions)</p> <p>For business expense deductions, may be required to disclose percentage of dues used for lobbying and political activities (with limited exceptions)</p>	Disclosure of nondeductibility required on all solicitations by writing, television, radio, or telephone; other disclosures and requirements may apply under state or federal campaign laws

*These rules apply to public charities only; private foundations are subject to more restrictive rules.