

## Types of Exempt Organizations and What They May Do

	501(c)(3)	501(c)(4)	527
<b>Examples</b>	<ul style="list-style-type: none"> <li>Alliance for Justice</li> <li>League of Conservation Voters Education Fund</li> <li>All churches (but can't elect 501(h) and other special rules apply)</li> </ul>	<ul style="list-style-type: none"> <li>Alliance for Justice Action Campaign</li> <li>League of Conservation Voters</li> </ul>	<ul style="list-style-type: none"> <li>Connected PAC/Separate Segregated Fund: LCV PAC</li> <li>Independent PAC: EMILY's List</li> </ul>
<b>Tax Treatment</b>	<ul style="list-style-type: none"> <li>Exempt from most federal taxes</li> <li>Contributions ARE generally tax-deductible</li> </ul>	<ul style="list-style-type: none"> <li>Exempt from most federal taxes</li> <li>Contributions are NOT tax-deductible</li> </ul>	<ul style="list-style-type: none"> <li>Exempt from most federal taxes</li> <li>Contributions are NOT tax-deductible</li> </ul>
<b>Lobbying Activities</b>	<ul style="list-style-type: none"> <li>Limited expenditures to influence legislation, ballot measures, and judicial nominations, among others (insubstantial part test or 501(h) expenditure test)</li> </ul>	<ul style="list-style-type: none"> <li>Unlimited expenditures to influence legislation, ballot measures, and judicial nominations, among others</li> </ul>	<ul style="list-style-type: none"> <li>Limited (insubstantial) lobbying expenditures permissible, but may be subject to tax if not furthering political purposes</li> </ul>
<b>Political Activities</b>	<ul style="list-style-type: none"> <li>Prohibited from engaging in any partisan political activities; may conduct nonpartisan voter engagement activities</li> <li>May not establish a PO for political activities</li> <li>Penalties: Revocation of tax-exempt status and excise taxes on both the organization and its managers</li> </ul>	<ul style="list-style-type: none"> <li>May carry on partisan political activities subject to federal and state campaign finance laws</li> <li>May not be the "primary purpose" of the organization; must be "secondary"</li> <li>May establish a PO for political activities</li> <li>Tax on political expenditures</li> </ul>	<ul style="list-style-type: none"> <li>No limit on aggregate expenditures; subject to state and federal campaign finance laws including limits on contributions</li> </ul>

For more information see: [The Connection: Strategies for Creating and Operating 501\(c\)\(3\)s, 501\(c\)\(4\)s, and Political Organizations](#) (Alliance for Justice 2006).

The information contained in this fact sheet and any attachments is being provided for informational purposes only and not as part of an attorney-client relationship. The information is not a substitute for expert legal, tax, or other professional advice tailored to your specific circumstances, and may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code. Alliance for Justice publishes plain-language guides on nonprofit advocacy topics, offers educational workshops on the laws governing the advocacy of nonprofits, and provides technical assistance for nonprofits engaging in advocacy. For additional information, please feel free to contact Alliance for Justice at 866-NPLOBBY.