



# Taxable Income - Political Organizations

A political organization is subject to tax on its political organization taxable income. Generally, this tax is calculated by multiplying the political organization taxable income by the highest rate of tax specified in §11(b). If the organization is the principal campaign committee of a candidate for U.S. Congress, the tax is calculated using the graduated rates specified in §11(b). The tax is paid with [Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations](#) [PDF](#).

The political organization taxable income equals its gross income (excluding exempt function income) less deductions allowed by the Code that are directly connected with producing gross income (excluding [exempt function income](#)), computed with certain modifications set forth in § 527, including a specific deduction of \$100. The exempt function income of a political organization is income that the organization sets aside for use for its exempt function that was received as one of the following four types of income: (1) a contribution of money or other property; (2) membership dues, fees, or assessments from a member of the political organization; (3) proceeds from a political fundraising or entertainment event or from the sale of political campaign materials, which are not received in the ordinary course of any trade or business; or (4) proceeds from conducting bingo games that are defined in § 513(f)(2). Thus, investment income, or income from a trade or business (such as renting excess office space to an unrelated organization), of a political organization is not exempt function income and is subject to tax. Taxable income includes exempt function income (such as contributions) for any period of time that a political organization does not file a Form 8871 as required.

For further information regarding tax issues for political organizations, see [Election Year Issues](#) [PDF](#). See [Filing Requirements](#) for more information. [FAQs regarding the Annual Form Filing Requirements](#) are also available.

## Interactive Training

Learn more about the benefits, limitations and expectations of tax-exempt organizations by attending 10 courses at the online [Small to Mid-Size Tax Exempt Organization Workshop](#).

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