
IRS Releases New Form 8871, *Political Organization Notice of Section 527 Status*

Notice 2000-36

The Internal Revenue Service on July 12, 2000, announced the release of the new form that section 527 political organizations must file and detailed plans for implementing other aspects of the new law governing these groups.

Starting immediately, section 527 political organizations must file Form 8871 with the IRS. This notice of organization must be filed by July 31, 2000.

The IRS action follows a new law approved last month by Congress and signed July 1, 2000, by President Clinton. The legislation creates a new set of rules for political organizations established under section 527 of the Internal Revenue Code. Under the new law, these 527 groups will be required to publicly disclose details about their organization, contributors, expenditures, annual returns and other information.

“The IRS is moving quickly to put these new rules in place. We want to make information from these organizations available to the public as soon as possible,” IRS Commissioner Charles O. Rossotti said.

The IRS has also released new forms and other details involving reporting and disclosure requirements for 527 organizations.

The first step is the release of Form 8871, *Political Organization Notice of Section 527 Status*. The form is now available at the IRS web site, www.irs.gov, in the “Forms and Pubs” section.

Organizations must file Form 8871 both electronically and in writing. The form can be filed electronically at www.irs.gov/bus_info/eo/pol-file.html.

Every political organization under section 527 must file Form 8871 unless it reasonably expects annual gross receipts to always be less than \$25,000 in each taxable year. Political committees also do not have to submit this form if they are required to file reports with the Federal Election Commission. Section 501(c) organizations such as social welfare groups, labor unions and trade associations that file Form 1120-POL and pay taxes under section 527(f)(1) also will not have to submit Form 8871.

The law requires newly established organizations to file Form 8871 within 24 hours of their creation. However, the IRS realizes some of these section 527 organizations may not yet be aware of this requirement. Consequently, the IRS has extended the due date for filing Form 8871 until July 31, 2000, for any organizations established after June 30, 2000. Organizations already in existence on June 30, 2000, already have until July 31, 2000, to file Form 8871.

Form 8871 contains a variety of information about 527 organizations, including the organization's purpose, a list of related entities, contact persons, record custodians, e-mail addresses and lists of officers, directors and highly compensated employees.

By August 15, 2000, the IRS will make available on its Internet site a list of organizations filing Form 8871. Copies of the Form 8871 will be available through the 527 organizations. The IRS is working on procedures to make copies of the forms available for public inspection as soon as possible.

The IRS has also released another form that 527 organizations will use to periodically disclose contributions and expenditures made after July 1, 2000. Form 8872, *Political Organization Report of Contributions and Expenditures*, will include names, addresses, employers and occupations for contributors of \$200 or more annually. Organizations or individuals receiving \$500 or more annually from 527 organizations also will be listed on these forms.

For more information about Form 8872, see Notice 2000-41, page 177.

Information from filed Forms 8872 will be available for public inspection.

The IRS also is in the process of determining which forms will be used as an-

nual returns by 527 organizations with gross receipts of \$25,000 or more. These returns also will be available for public review.

“Putting these new rules in place poses a major challenge for the IRS given the short time frame available,” Rossotti said. “However, we are committed to serving taxpayers by implementing this important new law in a timely and convenient manner.”

DRAFTING INFORMATION

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