

**WISCONSIN DEPARTMENT OF REVENUE  
DIVISION OF INCOME, SALES, AND EXCISE TAX**

**NOTICE OF PROPOSED GUIDANCE DOCUMENTS**

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance documents listed in the table below.

**SUBMITTING PUBLIC COMMENTS**

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

**DEADLINE FOR SUBMISSION**

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

<b>Document Number</b>	<b>Document Title</b>
<b>P500</b>	Publication 500, <i>Tax Guide for Wisconsin Political Organizations and Candidates</i>



This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by [sec. 227.112\(1\)](#), Wis. Stats.

# Tax Guide for Wisconsin Political Organizations and Candidates

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**IMPORTANT CHANGES**

Use this publication in preparing your 2019 tax return. There are no substantive differences between the 2018 and 2019 versions of this publication.

**1. INTRODUCTION**

This publication explains the federal and Wisconsin tax treatment of political organizations and candidates. It also explains Wisconsin's alcohol beverage laws relating to fund-raising activities that involve the serving of alcohol beverages.

**2. FEDERAL INCOME TAX TREATMENT****A. Political Organizations**

Federal tax law provides that a political organization (for example, a party, committee, association, or fund) must file a tax return if, for any year, they have political organization taxable income, such as net investment income. Campaign contributions are not includable in income and expenditures for campaign purposes are not deductible as expenses.

Federal law generally defines **taxable income** to be the excess of gross income over expenses directly attributable to the production of such income less a specific deduction of \$100. See "Taxable Income" in the instructions for federal [Form 1120-POL](#), *U.S. Income Tax Return for Certain Political Organizations*, for a more detailed description of taxable income.

A political organization must file a federal income tax return if it has any taxable income for a taxable year.

Form 1120-POL is the form used to report the income and expenses of a political organization. The due date for filing a Form 1120-POL is the 15th day of the fourth month following the close of the taxable year (for example, April 15, 2020 for 2019 calendar year taxpayers).

If the due date falls on a Saturday, Sunday, or legal holiday, the organization may file on the next business day.

**B. Political Candidates Who Personally Control Their Campaign Funds**

Campaign contributions are not income to the candidate unless they are diverted to his or her personal use. To be exempt from tax, the contributions must be spent for campaign purposes or kept in the campaign fund for future campaigns. Excess campaign funds transferred to an office account must be included in the officeholder's income in the year transferred.

Interest earned on bank deposits, dividends received on contributed securities, and net gains realized on sales of contributed securities are taxable to the campaign fund. See "Political Organizations" above for how these amounts must be reported.

### 3. WISCONSIN INCOME TAX TREATMENT

#### A. Political Organizations

If a political organization is not organized or conducted for pecuniary profit and all receipts are expended solely to advance the candidacy of political aspirants or for other political purposes, the political organization is exempt from Wisconsin income and corporate taxation under secs. 71.01(6) and 71.26(1)(a), Wis. Stats. (2017-18).

An *exempt* political organization is not required to file a Wisconsin income or franchise tax return. If a political organization is not exempt, it must file a Wisconsin income or franchise tax return to report its taxable income. Taxable income for Wisconsin means the same as for federal income tax purposes (see "Political Organizations" in Part 2.A on page 3).

#### B. Political Candidates Who Personally Control Their Campaign Funds

A candidate's or officeholder's tax treatment of campaign contributions is the same for Wisconsin as for federal income tax purposes (see "Political Candidates Who Personally Control Their Campaign Funds" in Part 2.B on page 3).

Whether interest earned on bank deposits, dividends received on contributed securities, and net gains realized on sales of contributed securities are taxable to the campaign fund depends on whether the fund is exempt from Wisconsin income and corporate taxation (see "Political Organizations" in Part 3.A above).

### 4. WISCONSIN ALCOHOL BEVERAGE LAW

The following information is provided to assist political organizations and candidates for public office in planning and organizing fund-raising activities that involve the serving of alcohol beverages.

#### A. Fund-Raisers Held on Unlicensed Premises – When General Public Is Invited

When campaign fund-raisers to which the general public is invited are held on UNLICENSED PREMISES (any location, including a private residence, that is not specifically licensed to dispense alcohol beverages), the consumption of alcohol beverages is illegal. Section 125.09(1), Wis. Stats. (2017-18). If any location is opened to persons other than the host's personally invited guests, the location becomes a "public place."

For example, circulars, pamphlets, or newspaper announcements that extend a general invitation make any location of an event a "public place." If the location is not licensed for service of alcohol beverages, to do so is illegal.

#### B. Fund-Raisers Held on Unlicensed Premises – When Only Invited Guests Attend

Alcohol beverages may be served at campaign fund-raisers held on any unlicensed premises if attendance is *limited* to the host's personally invited guests, *no admission fee is charged*, and *no contribution is required*. Contributions may be solicited and accepted if they are voluntary and serving of alcohol beverages is not restricted to those making a contribution. Section 125.04(1), Wis. Stats. (2017-18).

#### C. Fund-Raisers Held on Licensed Premises

Campaign fund-raisers held on LICENSED PREMISES are permissible. The person holding the license would be responsible for the premises and for the dispensing of any alcohol beverages as authorized under secs. 125.26(1) and 125.51(3) and (3m), Wis. Stats. (2017-18). However, alcohol beverages served on licensed

premises may not be donated or brought by the guests, since beverages dispensed are limited to those purchased by the licensee from a Wisconsin wholesaler. Sections 125.33(9) and 125.69(6), Wis. Stats. (2017-18).

## 5. ADDITIONAL INFORMATION

If you have any questions or need additional information regarding the federal tax treatment of political organizations or candidates, you should contact the Internal Revenue Service.

If you have any questions or need additional information regarding the Wisconsin tax treatment of political organizations or candidates, you may contact the Wisconsin Department of Revenue by any of the following methods:

**Visit:** Madison office at 2135 Rimrock Rd.

**Write:** Mail Stop 6-40  
Wisconsin Department of Revenue  
Administration Technical Services  
PO Box 8933  
Madison WI 53708-8933

**Telephone:** (608) 266-8474

**Fax:** (608) 261-6240

**E-mail:** [DORISERechnicalServices@wisconsin.gov](mailto:DORISERechnicalServices@wisconsin.gov)

If you have any questions or need additional information regarding the serving of alcohol beverages at fund-raising activities, you may contact the Wisconsin Department of Revenue by any of the following methods:

**Visit:** Madison office at 2135 Rimrock Rd.

**Write:** Mail Stop 6-107  
Wisconsin Department of Revenue  
Alcohol and Tobacco Enforcement Section  
PO Box 8900  
Madison WI 53708-8900

**Telephone:** (715) 842-2343

**Fax:** (715) 848-1033

**E-mail:** [DORAlcohol&TobaccoEnforcement@wisconsin.gov](mailto:DORAlcohol&TobaccoEnforcement@wisconsin.gov)

**Applicable Laws and Rules**

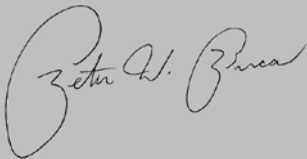
This document provides statements or interpretations of the following laws and regulations in effect as of January 30, 2020: 26 U.S.C. § 527 and chs. 71 and 125, Wis. Stats.

Laws enacted and in effect after January 30, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to January 30, 2020, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

**Certification Statement**

As the Secretary of the Wisconsin Department of Revenue (DOR), I have reviewed this guidance document or proposed guidance document and I certify that it complies with secs. 227.10 and 227.11, Wis. Stats.. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

DEPARTMENT OF REVENUE



Peter Barca

Secretary of Revenue