



Tax Guide for Wisconsin Political Organizations and Candidates

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IMPORTANT CHANGES

Use this publication in preparing your 2022 tax return. There are no substantive differences between the 2021 and 2022 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 18, 2023, for 2022 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 their 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.

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. 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.

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. 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.

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:

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

Telephone . . . (608) 266-8253

Fax . . . (608) 261-6240

E-mail . . . DORISTechnicalServices@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:

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

Telephone . . . (608) 264-4573

Fax . . . (608) 261-6240

E-mail . . . DORAlcohol&TobaccoEnforcement@wisconsin.gov

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of March 29, 2023: sec. 527, IRC, and chs. 71 and 125, Wis. Stats.

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 Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis.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