

Gardner Lorraine E

From: Gardner Lorraine E
Sent: Thursday, May 12, 2011 10:19 AM
To: Hogan James F; Brown Susan D; Spellmann Don R
Subject: FW: we are making headlines notice the end regarding 501(c)(6) applicability enjoy

FYI

From: (b)(6)
Sent: Thursday, May 12, 2011 10:16 AM
To: Gardner Lorraine E
Subject: we are making headlines notice the end regarding 501(c)(6) applicability enjoy

Fox News, 501c4, gift tax

1 document found in 0.001 seconds.

DRILL DOWN: Fox News[-], gift tax[-], 501c4[-]**Drilldown**

- IRS

May 11, 2011 06:00 PM

Anonymous Campaign Donors Have A Problem: The IRS

By karoli

Uh, oh. Those anonymous donors to 501(c)(4) organizations might have a bit of a problem. According to a memo published by a Los Angeles law firm, the IRS is broadening scrutiny of tax-exempt organizations to those exempt under 501(c)(4), (5) and (6):

Perhaps sparked by the significant media coverage of large contributions to politically-minded 501(c)(4) "social welfare organizations," the IRS appears to have begun to actively pursue the gift tax on contributions to 501(c)(4)s.

Individual contributors and 501(c)(4)s may wish to consider carefully the possible gift tax implications of contributions, and to seek the advice of counsel. There may be alternative giving structures available to avoid gift tax liability, and both contributors and 501(c)(4)s need to be cognizant of the issues. 501(c)(4)s may face secondary liability for unpaid gift taxes owed by their contributors.

Two previous MS&K Alerts¹ discussed the potential for gift tax liability in the context of contributions to

6/9/2011

IRS-JW-220-004965

Two previous MS&K Alerts¹ discussed the potential for gift tax liability in the context of contributions to 501(c)(4) organizations involved in political campaign activities, but keep in mind that gift tax assessments are not limited to contributions to politically active 501(c)(4)s.

The 2011 Workplan of the IRS Exempt Organizations Division indicates that "[i]n recent years, our examination program has concentrated on section 501(c)(3) organizations. Beginning in FY 2011, we are increasing our focus on section 501(c)(4), (5) and (6) organizations."

The US Chamber of Commerce is a 501(c)(6) organization, and may find itself under high scrutiny. One can only hope.

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