

several persons. The fact that a candidate or prospective candidate utilizes studies, papers, materials, etc., prepared by the organization (such as in a speech by the candidate) is not to be considered as a factor indicating that the organization has a purpose of promoting the candidacy or prospective candidacy of that individual where such studies, papers, materials, etc. are not made available only to that individual.

(iii) Expenditures for voter registration, voter turnout, or voter education constitute other expenses, treated as political expenditures by reason of section 4955(d)(2)(E), only if the expenditures violate the prohibition on political activity provided in section 501(c)(3).

(d) *Abatement, refund, or no assessment of initial tax.* No initial (first-tier) tax will be imposed under section 4955(a), or the initial tax will be abated or refunded, if the organization or an organization manager establishes to the satisfaction of the IRS that—

(1) The political expenditure was not willful and flagrant; and

(2) The political expenditure was corrected.

(e) *Correction—(1) Recovery of Expenditure.* For purposes of section 4955(f)(3) and this section, correction of a political expenditure is accomplished by recovering part or all of the expenditure to the extent recovery is possible, and, where full recovery cannot be accomplished, by any additional corrective action which the Commissioner may prescribe. The organization making the political expenditure is not under any obligation to attempt to recover the expenditure by legal action if the action would in all probability not result in the satisfaction of execution on a judgment.

(2) *Establishing safeguards.*

Correction of a political expenditure must also involve the establishment of sufficient safeguards to prevent future political expenditures by the organization. The determination of whether safeguards are sufficient to prevent future political expenditures by the organization is made by the District Director.

(f) *Effective date.* This section is effective December 5, 1995.

#### § 53.4963-1 [Amended]

Par. 5. In § 53.4963-1, paragraphs (a), (b), and (c) are amended by adding the reference “4955,” immediately after the reference “4952,” in each place it appears.

#### § 53.6011-1 [Amended]

Par. 6. In § 53.6011-1, paragraph (b) is amended as follows:

1. In the first sentence, the language “or 4945(a),” is removed and “, 4945(a) or 4955(a),” is added in its place.

2. In the last sentence, the language “or 4955(a)” is added immediately following the language “section 4945(a)”.

Par. 7. In § 53.6071-1, paragraph (e) is added to read as follows:

#### § 53.6071-1 Time for filing returns.

\* \* \* \* \*

(e) *Taxes related to political expenditures of organizations described in section 501(c)(3) of the Internal Revenue Code.* A Form 4720 required to be filed by § 53.6011-1(b) for an organization liable for tax imposed by section 4955(a) must be filed by the unextended due date for filing its annual information return under section 6033 or, if the organization is exempt from filing, the date the organization would be required to file an annual information return if it was not exempt from filing. The Form 4720 of a person whose taxable year ends on a date other than that on which the taxable year of the organization described in section 501(c)(3) ends must be filed on or before the 15th day of the fifth month following the close of the person's taxable year.

Par. 8. In § 53.6091-1, the section heading is revised and paragraph (d) is added to read as follows:

#### § 53.6091-1 Place for filing chapter 42 tax returns.

\* \* \* \* \*

(d) *Returns of persons subject to a termination assessment.*

Notwithstanding paragraph (c) of this section, income tax returns of persons with respect to whom a chapter 42 tax assessment was made under section 6852(a) with respect to the taxable year must be filed with the district director as provided in paragraphs (a) and (b) of this section.

### PART 301—PROCEDURE AND ADMINISTRATION

Par. 9. The authority citation for part 301 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

#### § 301.6211-1 [Amended]

Par. 10. In § 301.6211-1, the last sentence of paragraph (b) is amended by adding “or 6852” immediately after “section 6851”.

#### § 301.6212-1 [Amended]

Par. 11. In § 301.6212-1, the second sentence of paragraph (c) is amended by adding “termination assessments in section 6851 or 6852,” immediately after “section 6213(b)(1),”.

#### § 301.6213-1 [Amended]

Par. 12. Section 301.6213-1 is amended as follows:

1. Paragraph (a)(2), first sentence, is amended by adding “, 6852,” immediately after “section 6851”.

2. Paragraph (e), first sentence, is amended by adding “4955,” immediately after “4952,”.

Par. 13. Section 301.6852-1 is added to read as follows:

#### § 301.6852-1 Termination assessments of tax in the case of flagrant political expenditures of section 501(c)(3) organizations.

(a) *Authority for making.* Any assessment under section 6852 as a result of a flagrant violation by a section 501(c)(3) organization of the prohibition against making political expenditures must be authorized by the District Director.

(b) *Determination of income tax.* An organization shall be subject to an assessment of income tax under section 6852 only if the flagrant violation of the prohibition against making political expenditures results in revocation of the organization's tax exemption under section 501(a) because it is not described in section 501(c)(3). An organization subject to such an assessment is not liable for income taxes for any period prior to the effective date of the revocation of the organization's tax exemption.

(c) *Payment.* Where a District Director has made a determination of income tax under paragraph (b) of this section or of section 4955 excise tax, notwithstanding any other provision of law, any tax will become immediately due and payable.

The taxpayer is required to pay the amount of the assessment within 10 days after the District Director sends the notice and demand for immediate payment regardless of the filing of an administrative appeal or of a court petition. Regardless of filing an administrative appeal or of petitioning a court, enforced collection action may proceed after the 10-day payment period unless the taxpayer posts the bond described in section 6863. For purposes of collection procedures such as section 6331 (regarding levy), assessments under the authority of paragraph (a) of this section do not constitute situations in which the collection of such tax is in jeopardy and, therefore, do not suspend normal collection procedures.

(d) *Effective date.* This section is effective December 5, 1995.

#### § 301.6861-1 [Amended]

Par. 14. In § 301.6861-1, paragraph (g) is amended by:

1. Adding the language “4955(a),” immediately after “4952(a),”.