

- If the organization does provide notices to its members but underestimates the actual amount of lobbying and political campaign expenditures, it is subject to the proxy tax on the excess lobbying expenditures paid during the tax year that were not included in the notices. However this tax may be waived if the organization agrees to include the excess lobbying and political campaign expenditures in the following year's notices.

An organization described above does not have to provide the notice if it establishes that substantially all the dues paid to it are not deductible (regardless of whether those dues are used for lobbying or political activities) anyway or if certain other conditions are met.

If an organization elects the proxy tax option, it must report the tax on Form 990-T, as described on page 11, in *Proxy Tax Reported on Form 990-T*.

Charitable Contributions

In general, contributions to 501(c) organizations other than organizations described in section 501(c)(3) of the Code are NOT deductible as charitable contributions for federal income tax purposes. Donations to certain non-501(c)(3) organizations are deductible as charitable contributions.

These include donations to:

- 501(c)(4) fire companies (for public purposes),
- cemetery companies which are not earmarked for the care of a particular lot or crypt,
- fraternal organizations for certain 501(c)(3) purposes, and
- veterans' organizations, if 90% or more of the organization's members are war veterans. **Memorial Rifle Squad qualifies**

In addition, a non-501(c)(3) tax-exempt organization may establish a charitable fund, contributions to which are deductible. However, such a fund itself must meet the requirements of section 501(c)(3) and the related notice requirements of section 508(a).

If the contributions are deductible as charitable contributions, substantiation and disclosure requirements may apply. Read Publication 1771, *Charitable Contributions—Substantiation and Disclosure Requirements*, and Publication 526, *Charitable Contributions*, for details on the federal tax law for organizations that may receive tax-deductible charitable contributions and for taxpayers who make contributions.