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62.1 Automobile; political campaign. In adjusting the Commissioner’s reconstruction of the taxpayer’s income, the Tax Court allowed a depreciation deduction on the taxpayer’s automobile for use in his political campaign. (Sec. 167, ‘86 Code.)


62.2 Elected public official; defense of recall from office. Expenses incurred by an elected public official defending his position against a recall from office are deductible as business expenses.

§1.162-1. (Sec. 162, ‘86 Code.)


62.3 Filing fee; candidate for election; North Carolina. The primary filing fee, required of candidates for political office by section 163-120 of the General Statutes of North Carolina, is not deductible as a business expense, as a tax, or as an expense paid or incurred for the production of income. Rev. Rul. 57–345 revoked. §§1 162–1, 1.164–1, 1.212–1. (Secs. 162, 164, 212; ‘86 Code.)


62.4 Labor union election. Campaign contributions received by a committee formed to aid a candidate campaigning for an elective office of a labor union are not includable in the candidate’s gross income. §1.61-1. (Sec. 61, ‘86 Code.)


62.5 Legal expenses; public officer. Legal expenses incurred by a taxpayer, both before and after being sworn in as a public officer, to establish that he was fairly elected and entitled to hold such office are not deductible either as a business expense or as an expense incurred in the production of income. §§1 23(a)-1. (Sec. 23(a), ‘39 Code; Secs. 162, 212, ‘86 Code.)


62.6 Political candidate; filing requirements. The income tax treatment and filing requirements are described for funds received, controlled, and disbursed by a political candidate. Modified and clarified by Rev. Rul. 74-475. 74-475 §§1.61–1.
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1.162-20, 301.7805–1. (Secs. 61, 162, 7805; ’86 Code.)

62.7 Political contributions; diverted for personal use. The portion of the contributions received by a political candidate that is diverted for the personal use of the candidate, is includable in his gross income in the year so diverted. Further, contributions to a political candidate or a political organization are not deductible. I.T. 3276 and Rev. Rul. 54-80 superseded. Clarified by Rev. Rul. 74-22, §1.61-1. (Sec. 61, ’86 Code.)

62.8 Political contributions; received for services. Payments to a political campaign specified by a candidate or officeholder in exchange for his promise, not of a traditional and legitimate political nature, to perform a service for the contributor do not qualify as excludable political expense contributions and must be included in the gross income of the political candidate or officeholder. §1.61-1. (Sec. 61, ’86 Code.)

62.9 Political funds. Factors that will reconsidered in determining whether political funds, such as campaign contributions, political gifts and proceeds from fund-raising dinners, may be excluded from gross income are set forth. §1.61-1. (Sec. 601.102, S.P.R.; Sec. 61, ’86 Code.)

62.10 Promotion of participation in political elections. Expenditures incurred by a taxpayer engaged in a trade or business, other than an employee, for (1) advertising designed to encourage employees or the general public to register or vote or to contribute to the campaign funds of a political candidate or party, (2) sponsoring a public debate by candidates for an office, (3) granting time off with pay for registration and voting, and (4) maintaining a voluntary payroll deduction plan for those wishing to make political contributions, are deductible as business expenses provided such expenditures are politically impartial in character and are related to future patronage expected by the taxpayer and otherwise meet the requirements of the Code. §1.162–1. (Sec. 162, ’86 Code.)

62.11 Surplus funds; convention expenses. Amounts expended to enable an elected legislator to attend a political party’s national convention as a delegate, which are paid from surplus funds from an earlier campaign maintained in a separate bank account qualifying as a political organization, are not includable in the legislator’s gross income. (Sec. 527, ’86 Code.)

62.12 Surplus funds; voter research. Amounts expended for voter research, public opinion polls, and voter canvasses on behalf of an elected legislator who becomes a candidate for another political office, which are paid from surplus funds from an earlier campaign maintained in a separate bank account qualifying as a political organization, are not includable in the legislator’s gross income. (Sec. 527, ’86 Code.)