

§ 4904. Liability in case of different businesses of same ownership and location

Whenever more than one of the pursuits or occupations described in this subtitle are carried on in the same place by the same person at the same time, except as otherwise provided in this subtitle, the tax shall be paid for each according to the rates severally prescribed.

(Aug. 16, 1954, ch. 736, 68A Stat. 594.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

§ 4905. Liability in case of death or change of location

(a) Requirements

When any person who has paid the special tax for any trade or business dies, his spouse or child, or executors or administrators or other legal representatives, may occupy the house or premises, and in like manner carry on, for the residue of the term for which the tax is paid, the same trade or business as the deceased before carried on, in the same house and upon the same premises, without the payment of any additional tax. When any person removes from the house or premises for which any trade or business was taxed to any other place, he may carry on the trade or business specified in the register kept in the office of the official in charge of the internal revenue district at the place to which he removes, without the payment of any additional tax: *Provided*, That all cases of death, change, or removal, as aforesaid, with the name of the successor to any person deceased, or of the person making such change or removal, shall be registered with the Secretary, under regulations to be prescribed by the Secretary.

(b) Registration

For registration in case of wagering, see section 4412.

(Aug. 16, 1954, ch. 736, 68A Stat. 594; Pub. L. 89-44, title IV, § 405(c), June 21, 1965, 79 Stat. 149; Pub. L. 91-513, title III, § 1102(b), Oct. 27, 1970, 84 Stat. 1292; Pub. L. 94-455, title XIX, §§ 1904(a)(20), (b)(8)(A), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1814, 1816, 1834.)

AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455, §§ 1904(a)(20), 1906(b)(13)(A), substituted “spouse or child” for “wife or child” and struck out “or his delegate” after “Secretary” wherever appearing.

Subsec. (b). Pub. L. 94-455, § 1904(b)(8)(A), among other changes, struck out reference to section 4804(d) for registration in case of white phosphorous matches and references to subtitle F for other provisions relating to registration.

1970—Subsec. (b)(1). Pub. L. 91-513 struck out references to narcotics and marihuana and to sections 4722 and 4753.

1965—Subsec. (b)(1). Pub. L. 89-44 struck out “playing cards,” after “wagering,” and “4455,” after “4412.”

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-513 effective on first day of seventh calendar month that begins after Oct. 26, 1970, see section 1105(a) of Pub. L. 91-513, set out as an Effective Date note under section 951 of Title 21, Food and Drugs.

EFFECTIVE DATE OF 1965 AMENDMENT

Section 701(c)(2) of Pub. L. 89-44 provided in part that: “The amendments made by section 402 [repealing sections 4451 to 4457 of this title] (relating to playing cards) and by subsections (c) of section 405 [amending this section] shall apply on and after the day after the date of the enactment of this Act [June 21, 1965].”

SAVINGS PROVISION

Prosecutions for any violation of law occurring, and civil seizures or forfeitures and injunctive proceedings commenced, prior to the effective date of amendment of this section by section 1102 of Pub. L. 91-513 not to be affected or abated by reason thereof, see section 1103 of Pub. L. 91-513, set out as a note under section 171 of Title 21, Food and Drugs.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 4413, 7011 of this title.

§ 4906. Application of State laws

The payment of any special tax imposed by this subtitle for carrying on any trade or business shall not be held to exempt any person from any penalty or punishment provided by the laws of any State for carrying on the same within such State, or in any manner to authorize the commencement or continuance of such trade or business contrary to the laws of such State or in places prohibited by municipal law; nor shall the payment of any such tax be held to prohibit any State from placing a duty or tax on the same trade or business, for State or other purposes.

(Aug. 16, 1954, ch. 736, 68A Stat. 594.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

§ 4907. Federal agencies or instrumentalities

Any special tax imposed by this subtitle, except the tax imposed by section 4411, shall apply to any agency or instrumentality of the United States unless such agency or instrumentality is granted by statute a specific exemption from such tax.

(Aug. 16, 1954, ch. 736, 68A Stat. 594.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

CHAPTER 41—PUBLIC CHARITIES

- | | |
|-------|--|
| Sec. | |
| 4911. | Tax on excess expenditures to influence legislation. |
| 4912. | Tax on disqualifying lobbying expenditures of certain organizations. |

AMENDMENTS

1987—Pub. L. 100-203, title X, § 10714(d), Dec. 22, 1987, 101 Stat. 1330-471, added item 4912.

PRIOR PROVISIONS

The provisions of a prior chapter 41, Interest Equalization Tax, were set out as follows:

Subchapter A, Acquisitions of foreign stock and debt obligations, comprising sections 4911 to 4920.

Subchapter B, Acquisition by commercial banks, comprising section 4931.

Prior sections 4911 to 4922 and 4931 were repealed by Pub. L. 94-455, § 1904(a)(21)(A), Oct. 4, 1976, 90 Stat. 1814,

effective with respect to acquisitions of stock and debt obligations made after June 30, 1974. See section 1904(a)(21)(B), set out as an Effective Date of Repeal of Prior Provisions note below.

The subject matter of the prior provisions is as follows:

Section 4911, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 809; amended Pub. L. 89-243, §§2, 3(a)(1), (b), Oct. 9, 1965, 79 Stat. 954; Pub. L. 90-59, §§2, 3(a), July 31, 1967, 81 Stat. 145; Pub. L. 91-50, Aug. 2, 1969, 83 Stat. 86; Pub. L. 91-65, §2, Aug. 25, 1969, 83 Stat. 105; Pub. L. 91-128, §§2, 3, Nov. 26, 1969, 83 Stat. 261, 262; Pub. L. 92-9, §2, Apr. 1, 1971, 85 Stat. 13; Pub. L. 93-17, §2, Apr. 10, 1973, 87 Stat. 12, imposed a tax on each acquisition by a United States person of stock of a foreign issuer or a debt obligation of a foreign obligor, if such obligation had a period remaining to maturity of 1 year or more and provided for modification of tax rate by executive order, rate tables, rates during interim period, rules and regulations, persons liable for tax, and termination date, that no tax shall be imposed on any acquisition made after June 30, 1974.

Section 4912, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 810; amended Pub. L. 89-243, §4(m)(3), Oct. 9, 1965, 79 Stat. 963; Pub. L. 90-59, §5(a)(1), July 31, 1967, 81 Stat. 157; Pub. L. 91-128, §4(a)(1), Nov. 26, 1969, 83 Stat. 263; Pub. L. 92-9, §3(a)(1), Apr. 1, 1971, 85 Stat. 14; Pub. L. 93-17, §3(e), Apr. 10, 1973, 87 Stat. 17, defined term "acquisition" and provided special rules to be applied to certain transfers to foreign trusts, foreign corporations and partnerships, foreign branches, acquisitions from domestic corporations or partnerships formed or availed of to obtain funds for foreign issuer or obligor, and reorganization exchanges.

Section 4913, added Pub. L. 88-563, §2(a), Sept. 12, 1964, 78 Stat. 812, imposed general and special limitations on tax on certain acquisitions relating to stock or debt obligations acquired by surrender, extensions, renewals, and exercises, transfers which are deemed acquisitions and acquisitions by certain domestic corporations and partnerships.

Section 4914, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 813; amended Pub. L. 89-44, title IV, §405(d), June 21, 1965, 79 Stat. 149; Pub. L. 89-243, §§3(a)(2), (3), 4(a)(1)-(3), (b)-(f)(2), (g), (h)(1), Oct. 9, 1965, 79 Stat. 954, 956-960; Pub. L. 89-809, title II, §§213(a), (b)(1), 214(a), Nov. 13, 1966, 80 Stat. 1585; Pub. L. 90-59, §5(b)(1), (c)(1), (2), (d)(1), (e)(1), (f)(1), July 31, 1967, 81 Stat. 157, 158; Pub. L. 91-128, §4(b)(1), (c)(1), (2), (i)(1), (2), Nov. 26, 1969, 83 Stat. 263, 264, 268; Pub. L. 92-9, §3(b)(1), (2), (c)(1), (d)(1), (2), Apr. 1, 1971, 85 Stat. 15-17; Pub. L. 93-17, §3(f), Apr. 10, 1973, 87 Stat. 17, provided exclusions for certain acquisitions including: transactions not considered acquisitions; export credit, etc., transactions; loans to assure raw materials sources; acquisitions by insurance companies doing business in foreign countries; acquisitions by certain tax-exempt organizations such as labor, fraternal, and similar organizations having foreign branches or chapters; sale or liquidation of foreign subsidiary or sale of foreign branch; certain debt obligations secured by United States mortgages, etc.; acquisitions of stock of foreign issuers investing exclusively in the United States, and loss of entitlement to exclusion in case of certain subsequent transfers or acquisitions of stock or debt obligations in connection with nationalization, expropriation, etc.

Section 4915, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 824; amended Pub. L. 90-59, §5(h)(3), July 31, 1967, 81 Stat. 163; Pub. L. 91-128, §4(e)(3), Nov. 26, 1969, 83 Stat. 267; Pub. L. 92-9, §3(e)(1), Apr. 1, 1971, 85 Stat. 17; Pub. L. 93-17, §3(g)(1), Apr. 10, 1973, 87 Stat. 18, related to exclusions for direct investments and provided for excluded acquisitions, overpayment with respect to certain taxable acquisitions, special rule for government-controlled enterprises, exception for foreign corporations or partnerships formed or availed of for tax avoidance, exception for acquisitions made with intent to sell to United States persons, and special rule for investments in certain lending and financial corporations.

Section 4916, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 827; amended Pub. L. 89-243, §4(i), Oct. 9, 1965, 79 Stat. 960; Pub. L. 90-59, §5(g)(1), July 31, 1967, 81 Stat. 159; Pub. L. 92-9, §3(b)(3), Apr. 1, 1971, 85 Stat. 16; Pub. L. 93-17, §3(b), Apr. 10, 1973, 87 Stat. 13, related to exclusion for investment in less developed countries, provided special rules applicable to such investments, subsequent tax liability in certain cases, the repeal of exclusion for issues after Jan. 29, 1973, in the case of less developed country shipping companies, and defined term "less developed country".

Section 4917, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 830; amended Pub. L. 89-243, §4(j), (k), Oct. 9, 1965, 79 Stat. 960; Pub. L. 90-59, §5(h)(1), July 31, 1967, 81 Stat. 159, related to exclusion for original or new issues where required for international monetary stability.

Section 4918, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 831; amended Pub. L. 89-809, title II, §213(b)(2), Nov. 13, 1966, 80 Stat. 1585; Pub. L. 90-59, §4(a), July 31, 1967, 81 Stat. 148; Pub. L. 90-73, §2(a)-(c), Aug. 29, 1967, 81 Stat. 175, 176; Pub. L. 93-17, §3(h)(1), Apr. 10, 1973, 87 Stat. 18, related to exemption for prior American ownership and compliance, proof of such ownership or compliance, issuance of IET clean confirmation by participating firm, sales effected by participating firms in connection with exempt acquisitions, filing of transition inventory, transfer of custody certificate, certain debt obligations arising out of loans to assure raw material sources, regulations, and definitions of "participating firm," and "participating custodian".

Section 4919, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 833; amended Pub. L. 89-243, §4(1), Oct. 9, 1965, 79 Stat. 961; Pub. L. 90-59, §5(i)(1), (2), July 31, 1967, 81 Stat. 159, 160; Pub. L. 91-128, §4(d)(1), Nov. 26, 1969, 83 Stat. 264; Pub. L. 92-9, §3(f)(1), (2), Apr. 1, 1971, 85 Stat. 20; Pub. L. 93-17, §3(i)(1), Apr. 10, 1973, 87 Stat. 19, related to credit or refund on sales by underwriters and dealers to foreign persons, evidence needed to support such credit or refund, and defined terms "underwriter", "dealer", and "persons other than United States persons".

Section 4920, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 835; amended Pub. L. 89-243, §§3(a)(4), 4(m)(1), (2)(A), (n), Oct. 9, 1965, 79 Stat. 954, 961-963; Pub. L. 90-59, §§4(f), 5(j)-(k)(2), July 31, 1967, 81 Stat. 156, 160-163; Pub. L. 91-128, §4(e)(1), (2), (i)(3), Nov. 26, 1969, 83 Stat. 264, 269; Pub. L. 92-9, §3(e)(2), (3), (g)(1), (h)(1), Apr. 1, 1971, 85 Stat. 18, 20, 21; Pub. L. 93-17, §3(g)(2)(j), Apr. 10, 1973, 87 Stat. 18, 19, related to definitions and special rules.

Section 4921, added Pub. L. 92-9, §3(i)(1), Apr. 1, 1971, 85 Stat. 21, related to standby authority of the President to impose tax on debt obligations of foreign obligors having a period remaining to maturity of less than 1 year and provided that such authority may be extended by Executive order.

Section 4922, added Pub. L. 93-17, §3(d)(1), Apr. 10, 1973, 87 Stat. 15, related to exclusion for certain issues to finance new or additional direct investment in the United States, qualification for exclusion, and loss of entitlement to exclusion by subsequent noncompliance.

Section 4931, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 839; amended Pub. L. 89-243, §§3(e)(1), 4(a)(4), (o), Oct. 9, 1965, 79 Stat. 955, 956, 964; Pub. L. 89-809, title II, §215(a), Nov. 13, 1966, 80 Stat. 1587, Pub. L. 90-59, §3(b)(1), July 31, 1967, 81 Stat. 145, related to the stand-by authority of the President to impose, by Executive order, tax on acquisitions by commercial banks of debt obligations of foreign obligors, made provision for exclusions concerning export loans, foreign currency loans by foreign branches, preexisting commitments, and provided for prescription of regulations by the Secretary.

EFFECTIVE DATE OF REPEAL OF PRIOR PROVISIONS

Section 1904(a)(21)(B) of Pub. L. 94-455 provided that: "The repeal made by subparagraph (A) [repealing sections 4911 through 4922 and section 4931 of this title] shall apply with respect to acquisitions of stock and debt obligations made after June 30, 1974."

CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 275, 6104, 6161, 6211, 6213, 6214, 6405, 6501, 6512, 6862, 6871, 7422, 7871 of this title.

§ 4911. Tax on excess expenditures to influence legislation

(a) Tax imposed

(1) In general

There is hereby imposed on the excess lobbying expenditures of any organization to which this section applies a tax equal to 25 percent of the amount of the excess lobbying expenditures for the taxable year.

(2) Organizations to which this section applies

This section applies to any organization with respect to which an election under section 501(h) (relating to lobbying expenditures by public charities) is in effect for the taxable year.

(b) Excess lobbying expenditures

For purposes of this section, the term “excess lobbying expenditures” means, for a taxable year, the greater of—

(1) the amount by which the lobbying expenditures made by the organization during the taxable year exceed the lobbying nontaxable amount for such organization for such taxable year, or

(2) the amount by which the grass roots expenditures made by the organization during the taxable year exceed the grass roots nontaxable amount for such organization for such taxable year.

(c) Definitions

For purposes of this section—

(1) Lobbying expenditures

The term “lobbying expenditures” means expenditures for the purpose of influencing legislation (as defined in subsection (d)).

(2) Lobbying nontaxable amount

The lobbying nontaxable amount for any organization for any taxable year is the lesser of (A) \$1,000,000 or (B) the amount determined under the following table:

If the exempt purpose expenditures are—	The lobbying nontaxable amount is—
Not over \$500,000	20 percent of the exempt purpose expenditures.
Over \$500,000 but not over \$1,000,000.	\$100,000, plus 15 percent of the excess of the exempt purpose expenditures over \$500,000.
Over \$1,000,000 but not over \$1,500,000.	\$175,000 plus 10 percent of the excess of the exempt purpose expenditures over \$1,000,000.
Over \$1,500,000	\$225,000 plus 5 percent of the excess of the exempt purpose expenditures over \$1,500,000.

(3) Grass roots expenditures

The term “grass roots expenditures” means expenditures for the purpose of influencing legislation (as defined in subsection (d)) without regard to paragraph (1)(B) thereof.

(4) Grass roots nontaxable amount

The grass roots nontaxable amount for any organization for any taxable year is 25 percent

of the lobbying nontaxable amount (determined under paragraph (2)) for such organization for such taxable year.

(d) Influencing legislation

(1) General rule

Except as otherwise provided in paragraph (2), for purposes of this section, the term “influencing legislation” means—

(A) any attempt to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof, and

(B) any attempt to influence any legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of the legislation.

(2) Exceptions

For purposes of this section, the term “influencing legislation”, with respect to an organization, does not include—

(A) making available the results of non-partisan analysis, study, or research;

(B) providing of technical advice or assistance (where such advice would otherwise constitute the influencing of legislation) to a governmental body or to a committee or other subdivision thereof in response to a written request by such body or subdivision, as the case may be;

(C) appearances before, or communications to, any legislative body with respect to a possible decision of such body which might affect the existence of the organization, its powers and duties, tax-exempt status, or the deduction of contributions to the organization;

(D) communications between the organization and its bona fide members with respect to legislation or proposed legislation of direct interest to the organization and such members, other than communications described in paragraph (3); and

(E) any communication with a governmental official or employee, other than—

(i) a communication with a member or employee of a legislative body (where such communication would otherwise constitute the influencing of legislation), or

(ii) a communication the principal purpose of which is to influence legislation.

(3) Communications with members

(A) A communication between an organization and any bona fide member of such organization to directly encourage such member to communicate as provided in paragraph (1)(B) shall be treated as a communication described in paragraph (1)(B).

(B) A communication between an organization and any bona fide member of such organization to directly encourage such member to urge persons other than members to communicate as provided in either subparagraph (A) or subparagraph (B) of paragraph (1) shall be treated as a communication described in paragraph (1)(A).

(e) Other definitions and special rules

For purposes of this section—

(1) Exempt purpose expenditures**(A) In general**

The term “exempt purpose expenditures” means, with respect to any organization for any taxable year, the total of the amounts paid or incurred by such organization to accomplish purposes described in section 170(c)(2)(B) (relating to religious, charitable, educational, etc., purposes).

(B) Certain amounts included

The term “exempt purpose expenditures” includes—

(i) administrative expenses paid or incurred for purposes described in section 170(c)(2)(B), and

(ii) amounts paid or incurred for the purpose of influencing legislation (whether or not for purposes described in section 170(c)(2)(B)).

(C) Certain amounts excluded

The term “exempt purpose expenditures” does not include amounts paid or incurred to or for—

(i) a separate fundraising unit of such organization, or

(ii) one or more other organizations, if such amounts are paid or incurred primarily for fundraising.

(2) Legislation

The term “legislation” includes action with respect to Acts, bills, resolutions, or similar items by the Congress, any State legislature, any local council, or similar governing body, or by the public in a referendum, initiative, constitutional amendment, or similar procedure.

(3) Action

The term “action” is limited to the introduction, amendment, enactment, defeat, or repeal of Acts, bills, resolutions, or similar items.

(4) Depreciation, etc., treated as expenditures

In computing expenditures paid or incurred for the purpose of influencing legislation (within the meaning of subsection (b)(1) or (b)(2)) or exempt purpose expenditures (as defined in paragraph (1)), amounts properly chargeable to capital account shall not be taken into account. There shall be taken into account a reasonable allowance for exhaustion, wear and tear, obsolescence, or amortization. Such allowance shall be computed only on the basis of the straight-line method of depreciation. For purposes of this section, a determination of whether an amount is properly chargeable to capital account shall be made on the basis of the principles that apply under subtitle A to amounts which are paid or incurred in a trade or business.

(f) Affiliated organizations**(1) In general**

Except as otherwise provided in paragraph (4), if for a taxable year two or more organizations described in section 501(c)(3) are members of an affiliated group of organizations as defined in paragraph (2), and an election under

section 501(h) is effective for at least one such organization for such year, then—

(A) the determination as to whether excess lobbying expenditures have been made and the determination as to whether the expenditure limits of section 501(h)(1) have been exceeded shall be made as though such affiliated group is one organization,

(B) if such group has excess lobbying expenditures, each such organization as to which an election under section 501(h) is effective for such year shall be treated as an organization which has excess lobbying expenditures in an amount which equals such organization's proportionate share of such group's excess lobbying expenditures,

(C) if the expenditure limits of section 501(h)(1) are exceeded, each such organization as to which an election under section 501(h) is effective for such year shall be treated as an organization which is not described in section 501(c)(3) by reason of the application of 501(h), and

(D) subparagraphs (C) and (D) of subsection (d)(2), paragraph (3) or subsection (d), and clause (i) of subsection (e)(1)(C) shall be applied as if such affiliated group were one organization.

(2) Definition of affiliation

For purposes of paragraph (1), two organizations are members of an affiliated group of organizations but only if—

(A) the governing instrument of one such organization requires it to be bound by decisions of the other organization on legislative issues, or

(B) the governing board of one such organization includes persons who—

(i) are specifically designated representatives of another such organization or are members of the governing board, officers, or paid executive staff members of such other organization, and

(ii) by aggregating their votes, have sufficient voting power to cause or prevent action on legislative issues by the first such organization.

(3) Different taxable years

If members of an affiliated group of organizations have different taxable years, their expenditures shall be computed for purposes of this section in a manner to be prescribed by regulations promulgated by the Secretary.

(4) Limited control

If two or more organizations are members of an affiliated group of organizations (as defined in paragraph (2) without regard to subparagraph (B) thereof), no two members of such affiliated group are affiliated (as defined in paragraph (2) without regard to subparagraph (A) thereof), and the governing instrument of no such organization requires it to be bound by decisions of any of the other such organizations on legislative issues other than as to action with respect to Acts, bills, resolutions, or similar items by the Congress, then—

(A) in the case of any organization whose decisions bind one or more members of such affiliated group, directly or indirectly, the

determination as to whether such organization has paid or incurred excess lobbying expenditures and the determination as to whether such organization has exceeded the expenditure limits of section 501(h)(1) shall be made as though such organization has paid or incurred those amounts paid or incurred by such members of such affiliated group to influence legislation with respect to Acts, bills, resolutions, or similar items by the Congress, and

(B) in the case of any organization to which subparagraph (A) does not apply, but which is a member of such affiliated group, the determination as to whether such organization has paid or incurred excess lobbying expenditures and the determination as to whether such organization has exceeded the expenditure limits of section 501(h)(1) shall be made as though such organization is not a member of such affiliated group.

(Added Pub. L. 94-455, title XIII, §1307(b), Oct. 4, 1976, 90 Stat. 1723; amended Pub. L. 95-600, title VII, §703(g)(1), Nov. 6, 1978, 92 Stat. 2940.)

AMENDMENTS

1978—Subsec. (c)(2). Pub. L. 95-600 substituted “exempt purpose expenditures” for “proposed expenditures” in heading of table.

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-600 effective Oct. 4, 1976, see section 703(r) of Pub. L. 95-600, set out as a note under section 46 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 162, 501, 6033, 9907 of this title; title 2 section 1610; title 7 section 4809.

§ 4912. Tax on disqualifying lobbying expenditures of certain organizations

(a) Tax on organization

If an organization to which this section applies is not described in section 501(c)(3) for any taxable year by reason of making lobbying expenditures, there is hereby imposed a tax on the lobbying expenditures of such organization for such taxable year equal to 5 percent of the amount of such expenditures. The tax imposed by this subsection shall be paid by the organization.

(b) On management

If tax is imposed under subsection (a) on the lobbying expenditures of any organization, there is hereby imposed on the agreement of any organization manager to the making of any such expenditures, knowing that such expenditures are likely to result in the organization not being described in section 501(c)(3), a tax equal to 5 percent of the amount of such expenditures, unless such agreement is not willful and is due to reasonable cause. The tax imposed by this subsection shall be paid by any manager who agreed to the making of the expenditures.

(c) Organizations to which section applies

(1) In general

Except as provided in paragraph (2), this section shall apply to any organization which was exempt (or was determined by the Secretary

to be exempt) from taxation under section 501(a) by reason of being an organization described in section 501(c)(3).

(2) Exceptions

This section shall not apply to any organization—

(A) to which an election under section 501(h) applies,

(B) which is a disqualified organization (within the meaning of section 501(h)(5)), or

(C) which is a private foundation.

(d) Definitions

(1) Lobbying expenditures

The term “lobbying expenditure” means any amount paid or incurred by the organization in carrying on propaganda, or otherwise attempting to influence legislation.

(2) Organization manager

The term “organization manager” has the meaning given to such term by section 4955(f)(2).

(3) Joint and several liability

If more than 1 person is liable under subsection (b), all such persons shall be jointly and severally liable under such subsection.

(Added Pub. L. 100-203, title X, §10714(a), Dec. 22, 1987, 101 Stat. 1330-470.)

EFFECTIVE DATE

Section 10714(e) of Pub. L. 100-203 provided that: “The amendments made by this section [enacting this section and amending sections 6501 and 7454 of this title] shall apply to taxable years beginning after the date of the enactment of this Act [Dec. 22, 1987].”

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6033, 6501, 6511, 7454 of this title.

CHAPTER 42—PRIVATE FOUNDATIONS; AND CERTAIN OTHER TAX-EXEMPT ORGANIZATIONS

Subchapter		Sec. ¹
A.	Private foundations	4940
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C.	Political expenditures of section 501(c)(3) organizations	4955
D.	Failure by certain charitable organizations to meet certain qualification requirements	4958
E.	Abatement of first and second tier taxes in certain cases	4961

AMENDMENTS

1996—Pub. L. 104-168, title XIII, §1311(c)(6), July 30, 1996, 110 Stat. 1478, struck out item for subchapter D “Abatement of first and second-tier taxes in certain cases” and added items for subchapters D and E.

1987—Pub. L. 100-203, title X, §10712(c)(7), (9), Dec. 22, 1987, 101 Stat. 1330-467, substituted in chapter heading “AND CERTAIN OTHER TAX-EXEMPT ORGANIZATIONS” for “BLACK LUNG BENEFIT TRUSTS”, struck out item for subchapter C “Abatement of first and second tier taxes in certain cases”, and added items for subchapters C and D.

1984—Pub. L. 98-369, div. A, title III, §305(b)(3), July 18, 1984, 98 Stat. 784, substituted “Abatement of first and second tier taxes in certain cases” for “Abatement

¹ Section numbers editorially supplied.