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No Debate: You Can't Deduct Political Contributions!

A big article in the Wall Street Journal got me thinking: [Is Your Political Donation Deductible?](#) It's not a simple question, but my shorthand answer is: Don't. It safest to assume they aren't deductible except in narrow circumstances.



Obama vs. Romney 2012 (Photo credit: DonkeyHotey)

Suppose you're in business and sending money to a Super PAC for issue advocacy but **not** for a specific campaign. Take American Crossroads or Priorities USA, for example. Contributions don't qualify for a charitable contribution deduction.

Sure, you may have arguments you qualify for a business expense deduction even though "political contributions" are clearly nondeductible. But outside this limited yet murky area, you're probably out of luck. Let's start with the basics.

Contributions made to a political candidate, a campaign committee or a political party are not deductible. Period. If you need legislators on your side to promote laws favoring your business, isn't that deductible? Again, no.

Sure, it's possible to make political contributions **sound** deductible. For example, one common idea is recasting the contributions as a business

promotion. Suppose you advertise for your business in political convention bulletins? Non-deductible.

The same is true of ticket prices to dinners or programs benefitting a political party or political candidate even if the reason you're attending is to help your business. This may sound strict, but there's a huge amount of noncompliance and not just with tax laws. The laws governing elections and election financing are also complex.

Fully tax qualified charities can't endorse political candidates. They can't hand out materials for or against them, and they can't raise money for candidates. Charities that violate these rules face serious sanctions, including loss of tax exemption.

Even candidates face restrictions. Expenditures in a political campaign or by a candidate are not deductible. How about paying to attend political conventions, contribute to a political party, cover meals, lodging, travel, advertising, filing fees? Nope.

What's more, a candidate's personal campaign expenditures aren't business expenses. Campaign expenses paid from a candidate's private resources are non-deductible personal expenses regardless of election results. Some politicians have argued—unsuccessfully—that a political office is a stepping stone to another business or profession.

Bottom line? Unless you are spending large dollars—in which case it pays to get some tax advice **before** you spend—forget it.

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