**Module 10**

**Mechanics of the Election**

**PowerPoint Script**

**Slide 1: Title Page**

Welcome to an overview on the mechanics of the 501(h) Election.

**Slide 2: Learning Objectives**

Within this overview, we will spend some time discussing the more practical side of the 501(h) election. Or, in other words, who is eligible to make a 501(h) election, how the election is made and what paperwork is required to be fulfilled to do so. We will also discuss once that paperwork is filled out and filed, when it becomes effective and how an organization can revoke their election if they so choose.

**Slide 3: Election Eligibility**

Any non-profit organization which plans to engage in lobbying activity may be interested in this election and will be eligible to file. A list of eligible organizations includes educational institutions, hospitals, medical research organizations, organizations supporting governmental schools, organizations publicly supported by charitable contributions, agricultural organizations, organizations publicly supported by admissions, sales, etc, and organizations supporting certain types of public charities. Those that will not be eligible to make the election will be churches or a convention of association of churches, integrated auxiliaries of churches, a member of an affiliated group which includes above organizations, private foundations, testing for public safety organizations, a supporting organization for civic leagues, social welfare organizations, labor unions, or business leagues.

**Slide 4: How to Make the Election**

Organizations planning to use an expenditure test granted by the 501(h) election must file a Form 5768 with the IRS. This form is labeled *Election/Revocation of Election by an Eligible IRC Section 501(c)(3) Organization to Make Expenditures to Influence Legislation*. When an organization successfully files this form, they will then be allocated a cap on how much their organization can spend on lobbying based on the organization’s annual exempt purpose spending. This form holds no annual due date and may be filed at any point during the year.

**Slide 5: When Does the Election Become Effective?**

Even though a form 5768 may be filed at any point in the year by an organization, the election is effective the beginning of the year in which it was filed. Once it becomes effective it will remain in effect until the organization themselves decide they want to revoke it.

**Slide 6: Example**

A real-life example of an election becoming effected will be demonstrated within this slide. An organization filed its form 5768 on October 1st, 2018. Because the election works retroactively, it became effective on January 1st, 2018--- the same year it was filed.

**Slide 7: Revocation of the Election**

In order to revoke their 501(h) election, an organization must fill out the revocation portion of the Form 5678 and file it with the IRS. This revocation will begin its effect the first day of the following year in which it was filed.

**Slide 8: Example**

A example of an election being revoked will be demonstrated within this slide. An organization fills out the revocation portion of the Form 5678 on September 5th, 2018. The revocation of their 501(h) election will become effective on January 1st, 2019.

**Slide 9: END**

This has been a brief overview of the mechanics of the 501(h) election. If you want to learn more about the 501(h) election or lobbying restrictions in general, make sure to check out our website.