

Tax Tips You Can Use



Political Contributions

By Kathleen Crawford, EA LTC # 27851-C

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During a presidential election year all of us pay a little more attention to politics. Because of this, it is appropriate to discuss the tax implications of political donations.

Many people who make political donations think that they are charitable contributions to be deducted on Schedule A. This is not true. There are no deductions for political contributions anywhere on your federal return. There are some notable political organizations who have the word “foundation” in their name. The name does not make them a charitable organization. Only organizations that meet the federal guidelines, have applied for charity status and been approved can accept deductible donations. The list of organizations that are approved charities are listed on the IRS website. Even though there are no deductions on your federal return, all is not lost.

The Oregon legislature believes that politics are important and created a political contribution credit. On any Oregon return, a taxpayer gets a dollar for dollar credit for political contributions up to \$50, that’s \$100 for a joint return. That means if your tax liability is \$500 and you make a \$50 donation to your candidate, your tax bill is decreased to \$450; so there is no net out of pocket to you, the taxpayer. The credit allows you to make that contribution to any party, candidate, PAC or issue at the local, state or federal level. Just get a receipt or keep your cancelled check. This credit is unique to Oregon, so if you have an out-of-state tax preparer, you may have to educate that person about the credit. With the election happening soon, you can put your money to use.

The Jacksonville Tax Lady LLC (OR License #13695) is located in beautiful, historic Jacksonville at 610 N. Fifth Street across from the Pony Espresso. Kathleen and Angela can be reached at 541-899-7926.

The fine print: This article is for information only. Please see your tax professional for questions about your individual tax situation.