

Tax Corner: The Tax Code and the Lobbying Disclosure Act

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Q: *For what purposes may my company use the nondeductible lobbying expenses under Section 162(e) of the federal tax code in its Lobbying Disclosure Act reports?*

A:

The Lobbying Disclosure Act (LDA) permits for-profit organizations that are unable to deduct lobbying expenditures under Section 162(e) of the tax code to use the calculations under that section on the LDA reports. Not-for-profit organizations may use calculations under Section 6033(b)(8). Specifically, the tax calculations may be used for the following:

1. To report the organization's total lobbying expenditures for a given six-month reporting period.
2. To determine whether an in-house employer of lobbyists has hit the threshold of total lobbying expenses that would trigger lobbyist registration by the employer (currently at \$24,500 per six-month period).

In addition, organizations using the tax option are to use the tax code's definitions in order to determine who is an executive branch lobbyist, and the LDA's definitions to determine who is a legislative branch lobbyist.

If an organization opts to use the tax code's calculations and definitions, as opposed to the LDA's calculations and definitions, then it must do so for both reports covering a calendar year. The next LDA report is due on August 15, 2005.

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