

MEMORANDUM

TO: AADR members

FROM: AADR

DATE: February 16, 2024

RE: Portion of AADR dues that are deductible as a business expense

AADR filed an application for 501(c)(6) nonprofit status with the IRS. While 501(c)(6) entities may engage in political lobbying activity related to its organized exempt purpose, amounts paid for direct lobbying expenses at the federal and state level may not be deducted as a business expense. IRC 162. A deduction as a business expense is only allowed for that portion of dues or other payments to the organization that was not for political campaign or lobbying activities.

AADR is providing this notice to you pursuant to IRC 6033. For the 2023 taxable year, AADR estimates that the portion of member dues allocable to lobbying activity was 47% or more of dues, which means that portion of dues is not deductible as a business expense. Please account for this in your 2023 tax return and consult with your accountant for specific accounting advice regarding this matter.