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Agenda

► Section 501(c)(3) exemption
► Foundation classification
► Hospital exemption standards
► Form 1023 – *Application for Recognition of Exemption Under Section 501(c)(3)*
► Ongoing IRS filing obligations
► Unrelated business income tax
► Private benefit, private inurement and excess benefit transactions
► Political activity and lobbying
► Other issues facing Section 501(c)(3) health care organizations
► Tax reform implications
Section 501(c)(3) exemption
Background

► The basic structure of tax exemption in the US tax code was developed through legislation between 1894 and 1969.

► The Revenue Act of 1954 marked the establishment of the modern-day tax code.
  ► The Internal Revenue Code and Regulations continue to be updated.

► Under Section 501(a) of the code, exemption is a conditional privilege, not a right.
  ► To qualify, and to continue to qualify for exemption, an organization must meet certain conditions.
Types of exempt organizations

- Section 501(c) of the Internal Revenue Code exempts specific types of organizations from federal income tax.
- Examples include:
  - Business leagues/associations
  - Charities
  - Credit unions
  - Labor organizations/unions
  - Land trusts
  - Universities and other schools
  - Social welfare organizations
  - Churches
  - Hospitals
  - Social clubs
  - Political action committees
  - Veterans organizations
Section 501(c)(3) exemption

► Basic requirements
  ► Operated exclusively for exempt purposes described in Section 501(c)(3)
  ► No net earnings or assets can inure to benefit of any private person
    ► No private inurement/excess benefit to insiders
    ► No more than necessary and incidental private benefit to non-insiders
  ► Cannot support or oppose candidates for public office
  ► Cannot engage in more than an insubstantial amount of lobbying activities
Section 501(c)(3) exemption

Two-pronged test:

Organizational test: organized for an exempt purpose (as reflected in organizing documents)

- Limit purposes to those stated in Section 501(c)(3) (e.g., religious, charitable, educational, scientific)
- Restrict assets for distribution for Section 501(c)(3) purposes upon dissolution
- Not allow more than an insubstantial amount of non-exempt activity

Operational test: operated for an exempt purpose

- Must be operated primarily for exempt purposes
Foundation classification
Foundation classification

- A Section 501(c)(3) organization can be classified as either a public charity or a private foundation.
- All organizations that qualify for federal tax exemption under Section 501(c)(3), but that don’t qualify as public charities, are considered private foundations.
Foundation classification

► Public charity classifications:
  ► Section 509(a)(1)
  ▶ Section 170(b)(1)(A)(i) – church or convention or association of churches (and integrated auxiliaries of churches)
  ▶ Section 170(b)(1)(A)(ii) – school or educational organization
  ▶ Section 170(b)(1)(A)(iii) – hospital or medical research organization
  ▶ Section 170(b)(1)(A)(iv) – organization operated to benefit a college owned or operated by a governmental unit
  ▶ Section 170(b)(1)(A)(v) – governmental unit
  ▶ Section 170(b)(1)(A)(vi) – publicly supported organization
  ► Section 509(a)(2) – publicly supported organization
  ► Section 509(a)(3) – supporting organization
Publicly supported organizations

There are two tests under which a Section 501(c)(3) organization can qualify as a publicly supported organization.

- Test one (Sections 509(a)(1) and 170(b)(1)(A)(vi))
  - At least one-third of support is from public, government entities, private foundations and public charities

- Test two (Section 509(a)(2))
  - At least one-third of gross receipts are from public support and exempt function income combined
  - Less than one-third of support is from investment income or unrelated business income
Supporting organizations

- Section 509(a)(3)
- Must be organized and operated exclusively to support a public charity described in Sections 509(a)(1) or (2)
  - Organizational test
    - Satisfied by language in organizing document
  - Operational test
    - Responsiveness test
    - Integral part test
Supporting organizations

Three types of supporting organizations:

- Type I: controlled or supervised by one or more supported organizations
- Type II: controlled or supervised in connection with one or more supported organizations
- Type III: operated in connection with one or more supported organizations
  - Functionally integrated
  - Nonfunctionally integrated
Hospital exemption standards
Community benefit standard

► Revenue Ruling 69-545 modified the previous “financial ability standard” with a community benefit standard.
► Revenue Ruling 69-545 provided an example of a hospital that was operated to promote the health of the community as a whole, rather than to serve private interests.
  ► Included several positive factors
  ► Also included a “bad” example
  ► Providing care for those who could not afford it was removed as an absolute requirement
Community benefit standard

Revenue Ruling 69-545 factors suggesting that a hospital promotes the health of the community as a whole:

- Community board
- Open medical staff
- Emergency room open to everyone in the community
- Non-emergency care to everyone in the community who is able to pay for services
- Use surplus funds to further charitable purposes (e.g., improve patient care)
- Conduct medical training, education or research
IRS updates/clarifications to community benefit standard

► Revenue Ruling 83-157 provides that operating an emergency room is not required to meet the community benefit standard if emergency services are otherwise available in the community.
► Therefore, Section 501(c)(3) clinics and specialty hospitals are not expected to operate emergency rooms.
► Revenue Ruling 83-157 also clarifies that serving Medicare and/or Medicaid patients is viewed as a positive factor in determining whether the community benefit standard is satisfied.
IRS updates/clarifications to community benefit standard

► The IRS has expanded on the community board requirement.
  ► One where independent persons representative of community comprise a majority
  ► Not practicing physicians affiliated with hospital, officers or employees
  ► Conflicts of interest policy
  ► A subsidiary tax-exempt organization that doesn’t have a community board is considered to have a community board if controlled by a 501(c)(3) organization with a community board
Section 501(r)

- Section 501(r) imposes additional requirements for hospital facilities of hospital organizations exempt under Section 501(c)(3):
  - Section 501(r)(3) – community health needs assessment (CHNA)
  - Section 501(r)(4) – financial assistance policy (FAP) and emergency medical care policy
  - Section 501(r)(5) – limitation on charges
  - Section 501(r)(6) – billing and collection requirements

- Enacted as part of Affordable Care Act (2010)
- Final regulations released on December 29, 2014
  - Apply to tax years beginning after December 29, 2015
Section 501(r)

A hospital organization that operates more than one hospital facility must satisfy each Section 501(r) requirement separately for each hospital facility.

Hospital facility – “a facility that is required by a state to be licensed, registered or similarly recognized as a hospital” – includes:

- Hospital facility operated through a disregarded entity
- Multiple structures under one state license considered a single hospital facility
- Preamble to final regulations clarifies that operations in a single building under more than one state license constitute multiple hospital facilities
- Dual-status government hospitals that are (or seek to be) recognized by the IRS as exempt under Section 501(c)(3)
Section 501(r)(3): CHNA

- CHNA must be conducted every three years
- A hospital facility’s CHNA must:
  - Define the community served
  - Assess the community’s health needs:
    - Taking into account input from persons representing the broad interests of its community
    - Including those with special knowledge of or expertise in public health
  - Be documented:
    - Written report
    - Adopted by an authorized body of the hospital facility
    - Made widely available to the public
  - Adopt an implementation strategy to meet the community health needs identified in the CHNA
Section 501(r)(4): FAP

► Each hospital facility must establish a written FAP that applies to all emergency and other medically necessary care provided by the hospital facility.

► The written FAP must be widely publicized and include:
  ► Eligibility criteria for financial assistance, and whether such assistance includes free or discounted care
  ► The basis for calculating amounts charged to patients
  ► The method for applying for financial assistance
  ► If no separate billing and collections policy, the actions that may be taken in the event of nonpayment
  ► Information obtained from sources other than an individual seeking financial assistance that the hospital facility uses to determine FAP eligibility
  ► Whether and under what circumstances it uses prior FAP eligibility determinations to determine FAP eligibility
  ► A list of any providers, other than the hospital facility itself, delivering emergency or other medically necessary care in the hospital facility that specifies which providers are covered by the FAP and which are not

► A plain-language summary of the FAP must be adopted.

► The facility must accommodate all significant populations that have limited English proficiency by translating the FAP documents into the primary language spoken by these populations.
Sections 501(r)(5) and 501(r)(6)

► Section 501(r)(5)
  ► Hospital facility must limit the amount charged for any emergency or other medically necessary care it provides to a FAP-eligible individual to not more than the amount generally billed (AGB) to individuals who have insurance covering such care
    ► Look-back method to determine AGB
    ► Prospective method to determine AGB
  ► The amounts charged to FAP-eligible individuals for all other medical care covered under the FAP must be limited to less than the gross charges for that care

► Section 501(r)(6) requires a hospital organization to make reasonable efforts to determine whether an individual is FAP-eligible before engaging in extraordinary collection actions against that individual.
IRS Form 1023: Application for Recognition of Exemption Under Section 501(c)(3)
Section 508 requires most organizations to apply to the IRS for recognition of exemption under Section 501(c)(3)

- Exceptions: churches, associations of churches, integrated auxiliaries
- Organizations not required to file Form 1023 may choose to do so in order to receive a determination letter that recognizes their Section 501(c)(3) status and specifies whether contributions to them are tax deductible

Upon approval, the IRS will issue a determination letter confirming Section 501(c)(3) status

For Section 501(c)(3) status to apply retroactively to the date of the organization’s legal formation, Form 1023 generally must be filed within 27 months of date of formation

Expedited processing may be requested

Available for public inspection if approved
Form 1023

Information required to be provided:

- Identifying information (including representatives)
- Organizational structure
- Organizing documents (e.g., articles of incorporation and bylaws)
- Narrative description of activities
- Compensation and other financial arrangements with officers, directors, trustees, employees and independent contractors
- Members and other individuals and organizations that receive benefits
- History
- Specific questions related to activities (e.g., joint ventures, international activities)
- Financial data
Form 1023

- Depending on the type of organization, additional schedules may be required:
  - Schedule A: Churches
  - Schedule B: Schools
  - Schedule C: Hospitals
  - Schedule D: Supporting organizations
  - Schedule E: Organizations not filing within 27 months of formation
  - Schedule F: Homes for the elderly or handicapped and low-income housing
  - Schedule G: Successors to other organizations
  - Schedule H: Organizations providing scholarships, fellowships, educational loans or other educational grants to individuals
Form 1023-EZ

Streamlined application for recognition of exemption under Section 501(c)(3)
- Electronic-only filing for smaller organizations
- Quicker processing

Organizations ineligible to file Form 1023-EZ:
- Hospital or medical research association
- Cooperative hospital service organization
- Educational organization
- Supporting organization under Section 509(a)(3)
- Projected gross receipts exceeding $50,000 for any of the next three years
- Gross receipts exceeding $50,000 for any of the past three years
- Total assets exceeding $250,000
- Health maintenance organization
- Accountable care organization
- In joint venture or partnership with organization that isn’t exempt under 501(c)(3)
- Organized as an LLC
Group Ruling

- The IRS may recognize a group of organizations as tax-exempt if they are affiliated with a central organization that is itself considered to be tax-exempt.
- Viewed as an administrative convenience for both the IRS and organizations with many affiliated organizations.
- Organizations with a group ruling can file a group Form 990.
- Procedures for applying for and maintaining a group ruling found in Rev. Proc. 80-27.
State and local tax exemption

- States and localities have different and/or additional standards for state and local income tax exemption.
- Forty states tax unrelated business taxable income.
- In addition to income taxes, there are various other state and local taxes to consider.
  - Sales
  - Property
  - Franchise
Ongoing IRS filing obligations
Ongoing IRS filing obligations

► Most 501(c) organizations must annually file applicable Form 990-series returns.
  ► Exception: churches and associations/conventions of churches
► Form 990 must be made available to the public.
► Form 990 series:
  ► Form 990-N for small organizations
  ► Form 990-EZ for medium-sized organizations
  ► Form 990 for large organizations
    ► Including Schedule H for hospitals
  ► Form 990-PF for private foundations
  ► Form 990-T if annual gross unrelated business income is $1,000 or more
**Which Form 990 to file?**


<table>
<thead>
<tr>
<th>Status</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>All tax-exempt organizations (except private foundations) may file</td>
<td>990</td>
</tr>
<tr>
<td>Gross receipts below $200,000 and total assets below $500,000*</td>
<td>990-EZ</td>
</tr>
<tr>
<td>Average annual gross receipts at or below $50,000 (for past three years)**</td>
<td>990-N</td>
</tr>
<tr>
<td>Private foundations (regardless of financial status)</td>
<td>990-PF</td>
</tr>
</tbody>
</table>

* Except for, among other organizations, private foundations, organizations that operate a hospital facility and certain controlling organizations defined in Section 512(b)(13)

** Except for, among other organizations, supporting organizations and organizations ineligible to file Form 990-EZ
What is reported on Form 990?

- Activities and operations
  - Provides opportunity for filers to tell their story
- Financial information: assets, revenue, expenses
- Compensation (of officers, directors, key employees, highest-compensated employees, contractors)
- Relationships and transactions with related organizations and interested persons
- Governance policies and procedures
- Other questions regarding compliance with law and IRS filing requirements
- Must complete 12-page core Form 990 and one or more of 16 schedules
Form 990 schedules

- Schedule A, Public Charity Status (filed by all 501(c)(3) public charities)
- Schedule B, Schedule of Contributors
- Schedule C, Political Activities and Lobbying
- Schedule D, Supplemental Financial Statements
- Schedule E, Schools
- Schedule F, Statement of Activities Outside United States
- Schedule G, Fundraising or Gaming Activities
- Schedule H, Hospitals
- Schedule I, Grants or Other Assistance in United States
- Schedule J, Compensation
- Schedule K, Tax-Exempt Bonds
- Schedule L, Transactions with Interested Persons
- Schedule M, Non-Cash Contributions
- Schedule N, Liquidation, Termination, Significant Disposition of Assets
- Schedule O, Supplemental Information (must be filed by all filers)
- Schedule R, Related Organizations
Form 990 filing

- Form 990 series filing due date
  - Fifteenth day of the fifth month after the organization’s tax year ends
  - Automatic six-month extension by filing Form 8868
- Form 990 filed electronically (on approved software) or by paper to the IRS in Ogden, Utah
- Must file electronically if total assets over $10m and responsible for 250 or more returns annually
Form 990 non-filing penalties

- Section 6652(c): Failure to file complete or accurate return by filing deadline may result in penalties of:
  - $20 a day, not to exceed lesser of $10,000 or 5% of annual gross receipts
  - $100 a day, not to exceed $51,000, for organizations with gross receipts over $1,028,500
  - Failure to file electronically where required considered failure to file Form 990
  - IRS may abate penalties if filer shows reasonable cause for late, incomplete or inaccurate filing

- Section 6033(j): Automatic revocation of exemption after three years of non-filing
Other IRS filing obligations

- Employment taxes
  - Form 940 – Employer’s Annual Federal Unemployment Tax Return
  - Forms 941 and 944 – Employer’s Quarterly (941) and Annual (944) Federal Tax Return
  - Form 4720 – Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code
- Form 8886 – Reportable Transaction Disclosure Statement

- Foreign filings
  - Form 926 – Return by a US Transferor of Property to a Foreign Corporation
  - Form 5471 – Information Return of US Persons With Respect to Certain Foreign Corporations
  - Form 8865 – Return of US Persons With Respect to Certain Foreign Partnerships
  - Form 8621 – Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund
  - Form 8858 – Information Return of US Persons With Respect to Foreign Disregarded Entities and Foreign Branches
  - Form 5713 – International Boycott Report
  - Form 8975 – Country-by-Country Report
Unrelated business income tax
Unrelated business income tax

► Sections 511 through 514

► Income is generally subject to unrelated business income tax (UBIT) if:
  ► Derived from a trade or business
  ► Trade or business regularly carried on
  ► Trade or business not substantially related to organization’s exempt purposes

► Exclusions (Section 513):
  ► Convenience of patients, employees, etc.
  ► Certain hospital services

► Following generally not subject to UBIT under Section 512(b) modifications:
  ► Interest and dividends
  ► Royalties
  ► Rental income from real property
  ► Gains and losses from sale of property
Unrelated business income tax

► Sections 512(b)(4) and 514: Debt-financed income generally subject to UBIT

► Section 512(b)(13): interest, annuity, royalty or rent income from controlled organizations may be subject to unrelated business income tax

► Section 512(c): “If a trade or business regularly carried on by a partnership of which an organization is a member is an unrelated trade or business with respect to such organization, such organization … shall include its share (whether or not distributed) of the gross income of the partnership from such unrelated trade or business…”

► Joint ventures

► Investments
Unrelated business income tax

Common unrelated business income considerations for health care organizations:

- Laboratory testing
- Health clubs
- Medical research
- Pharmaceutical sales
- Durable medical equipment and medical supply sales
- Services provided to unrelated organizations
  - Patient services
  - Other services provided
- Captive insurance
- Advertising
- Telemedicine
Unrelated business income tax

Implications of tax reform:

- IRC Section 512(b)(6) added
  - Requires organizations operating one or more unrelated trades or businesses to compute unrelated business taxable income separately for each trade or business
  - Organization able to claim net operating loss (NOL) deduction for the trade or business from which the loss arose

- IRC Section 512(a)(7) added
  - Imposes tax on tax-exempt entities with respect to qualified transportation and qualified parking fringe benefits and on-premises athletic facilities
  - NOL deduction for NOLs generated post-12/31/17 limited to 80% of unrelated business taxable income
Private benefit, private inurement and excess benefit transactions
Private benefit, private inurement and excess benefit transactions

► Absolute prohibition on private inurement
  ► Section 501(c)(3) organizations must be both organized and operated so that no portion of net earnings inures to the benefit of any private shareholder or individual
    ► Cannot provide any benefit above fair market value to insider
    ► Can pay reasonable compensation for goods/services
  ► Involves transactions with insiders to the organization
    ► Directors
    ► Officers
    ► Other persons that control organization
Private benefit, private inurement and excess benefit transactions

► Private benefit

► 501(c)(3) must not be organized or operated to benefit private individuals, including non-insiders:
  ► Cannot provide any benefit above fair market value
  ► Can pay reasonable compensation for goods/services

► Unlike private inurement, not absolute: incidental private benefit is permissible, measured qualitatively and quantitatively
Private benefit, private inurement and excess benefit transactions

► Excess benefit transactions
  ► Section 4958 provides for “intermediate sanctions to give the IRS more flexibility in dealing with private inurement violations (i.e., beyond tax-exempt status revocation)
  ► Defined as any transaction in which an economic benefit is provided by an applicable tax-exempt organization directly or indirectly to or for the use of any disqualified person if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing such benefit
  ► Automatic excess benefit transaction where there is no contemporaneous written substantiation to support organization’s intent to treat a payment to a disqualified person as compensation for services
  ► The “excess benefit” is the amount the benefit exceeds the value that the disqualified person renders
Private benefit, private inurement and excess benefit transactions

► Excess benefit transactions

► Applicable tax-exempt organization: Organizations described in Sections 501(c)(3), 501(c)(4) and 501(c)(29)

► Disqualified person:
  ► Anyone who, in the five years ending on the transaction date, held substantial influence over the organization
  ► Family members of individuals described above
  ► Entities owned more than 35% by an individual described in bullets 1 and 2
  ► An organization’s disqualified persons include the disqualified persons of a Section 509(a)(3) supporting organization that supports the organization
  ► Plus certain donors and investment advisors
Private benefit, private inurement and excess benefit transactions

Excise taxes on excess benefit transactions:

- Initial tax on disqualified person: 25% of excess benefit
- Additional tax on disqualified person:
  - 200% of excess benefit
  - If initial tax is not paid before IRS issues notice of deficiency
- Tax on organizational managers who knowingly participated in excess benefit transaction:
  - 10% of excess benefit
  - Not applied if participation was not willful and is due to reasonable cause
Political activity and lobbying
Political activity and lobbying

► Lobbying
  ► Attempting to influence legislation
    ► Direct – contacting legislator
    ► Grassroots – contacting public
  ► Substantial part test
    ► Lobbying cannot constitute a substantial part of activities
    ► Violation results in excise tax and revocation of exemption
  ► Section 501(h) election
    ► Lobbying expenses cannot exceed certain limits
    ► Violation results in excise tax and/or revocation
    ► Organizations must make an election on Form 5768
Political activity and lobbying

- Political campaign activity is absolutely prohibited for Section 501(c)(3) organizations
  - Political campaign activity: support/opposition for candidates for federal, state or local public office
  
  **Examples:**
  - Public statements for or against a candidate
  - Participation in political campaigns
  - Contributions to candidates

**Generally permissible:**
- Voter registration; get-out-the-vote drives
- Public forums for all candidates for office
- Neutral voter guides
Other issues facing 501(c)(3) health care organizations
Accountable care organizations (ACOs)

- Networks of hospitals and doctors focused on coordinating care to improve patient care and community health, and to save costs

- Medicare Shared Savings Program (MSSP)
  - Created by the Affordable Care Act
  - Provides financial incentives to ACOs to lower Medicare costs to the populations served by the ACO
  - IRS Notice 2011-20 provides that participation in MSSP ACOs promotes health for the purposes of Section 501(c)(3)

- Non-MSSP ACO activity may or may not promote health for Section 501(c)(3) purposes
  - Negotiating with private health insurers on behalf of unrelated parties generally is not a charitable activity
  - Must show community benefit
  - Must demonstrate that there is no private inurement
Telemedicine

Telemedicine is the use of medical information exchanged from one site to another via electronic communications to improve a patient’s clinical health status (The American Telemedicine Association).

Two general settings:

- Communication between a health care provider and a patient in a different location
- Communication between two or more health care providers where one wishes to consult with (or have a patient consult with) a specialist in a different location

Communication can be:

- Real time – e.g., through video conferencing
- Anytime – e.g., through store-and-forward technology

Ways in which telemedicine activities can be conducted:

- Through an existing Section 501(c)(3) hospital
- Through a new Section 501(c)(3) or Section 501(c)(4) organization
- Through a new or existing for-profit corporation
- Through a single-member LLC
- Through a joint venture
Health Maintenance Organizations (HMOs)

Section 501(c)(3) exemption standards

Possible for HMO to qualify under Section 501(c)(3) as Medicaid-only HMO

Possible to qualify under Section 501(c)(3) if HMO promotes health in a charitable manner for the benefit of the community, not just its subscribers

Positive facts for Section 501(c)(3) argument:

- Open to a large part of the community
- Conducts research and/or educational activities
- Provides care below cost
- Overseen by community board
HMOs

- **Section 501(c)(4) exemption standards**
  - An HMO can generally qualify for Section 501(c)(4) exemption if it is not organized for profit and is operated for the promotion of social welfare.
    - Must be organized and operated primarily to promote social welfare
    - Must not be organized and operated for the sole benefit of subscribers
    - Must distinguish activities from for-profit counterparts in community
  - An HMO may qualify as a Section 501(c)(4) organization if it can show that it is an “integral part” of a Section 501(c)(3) or 501(c)(4) health care system.
Tax reform implications
Unrelated business income provisions

► Section 512(a)(6) added
  ► Generally requires organizations operating one or more unrelated trades or businesses to compute unrelated business taxable income separately for each trade or business
  ► IRS Notice 2018-67
    ► Provides interim guidance and transition rules relating to identifying separate trades or businesses for the purposes of Section 512(a)(6), including unrelated business income from partnership interests
    ► Provides information on how to calculate NOLs within the framework of Section 512(a)(6)
    ► Confirms that global intangible low-taxed income (GILTI) inclusions are to be treated as dividends for unrelated business income tax purposes
    ► Solicits comments from taxpayers regarding Section 512(a)(6)
  ► Draft 2018 IRS Form 990-T incorporates Section 512(a)(6) rules, including new Schedule M
Unrelated business income provisions

► Section 512(a)(7) added
  ► Treats expenses incurred by tax-exempt entities to provide qualified transportation fringe and qualified parking fringe benefits and on-premises health facilities to employees as unrelated business taxable income
  ► IRS Notice 2018-67 indicates that unrelated business income calculated under Section 512(a)(7) is not subject to Section 512(a)(6)
  ► IRS Notice 2018-99 provides interim guidance to determine Section 512(a)(7) unrelated business taxable income related to parking fringe benefit expenses and requests comments from taxpayers
  ► IRS Notice 2018-100 provides estimated tax underpayment penalty relief to certain tax-exempt organizations related to Section 512(a)(7)
Excise tax on excess tax-exempt organization executive compensation

- New Section 4960 imposes a 21% excise tax on:
  - Remuneration over $1m paid to a “covered employee” (other than an excess parachute payment)
  - Any “excess parachute payment” (related solely to separation pay) paid to a covered employee
- Effective for tax years beginning after December 31, 2017
- Reported on Form 4720, Part I, line 13 and Schedule N
  - Due on same date as Form 990, without extensions on Form 4720
  - Can be extended using Form 8868, but excise tax must still be paid on or before initial due date
  - No estimated taxes required
- IRS Notice 2019-09 provides interim guidance regarding Section 4960 and requests comments from taxpayers
Other tax reform implications

► Tax-exempt bond provisions
  ► Repeals the exclusion from gross income for interest on a bond issued to advance-refund another bond

► Excise tax on certain educational institutions
  ► Under new Section 4968, effective for tax years beginning after December 31, 2017, an “applicable educational institution” is subject to a 1.4% excise tax on its net investment income

► Other considerations
  ► Changes to the charitable donation deduction and estate and gift taxes
  ► Change to the corporate income tax rate
  ► Changes to numerous employee benefit provisions
  ► Changes to net operating losses
Questions
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