

WAYS AND MEANS SEEKS REPEAL OF NEW NONPROFIT TAX

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By Dance/USA

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The Tax Cuts and Jobs Act of 2017, which passed last December, resulted in a number of changes that may negatively impact the charitable sector. A surprising new Unrelated Business Income Tax (UBIT) provision, subsection 512(a)(7) of the tax code, imposes a 21 percent tax on the value of fringe benefits that include parking and transportation.

Last week, House Ways and Means Committee Chairman Kevin Brady (R-TX) included a full repeal of this new UBIT provision as part of an end-of-the-year tax package. Take action today and contact your congressional representatives and urge them to:

1. Weigh in with Treasury on your behalf, and ask for a delay in implementing the new tax.
2. Take legislative action to repeal the new tax on parking and transportation benefits for nonprofit employees.

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Dance/USA has signed on to numerous letters to the IRS and the U.S. Department of Treasury, along with partners from across the charitable sector, urging delayed implementation, guidance on the new provision and exemption for charities in regions that mandate certain fringe benefits. It should be noted that while the IRS has not provided detailed guidance, this new UBIT provision is current law and all nonprofits should discuss the specific impact on their organizations with their auditors.

Thank you for your ongoing advocacy!

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