

2020 Tax & IRS Update

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Today's Agenda

- Higher education provisions in the CARES Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Rev. Proc. 2019-22: Disclosing nondiscriminatory admissions policy
- Sec. 512(a)(6) update
- Regulations limiting charitable deduction where state tax credit allowed

Polling Question

Do you want CPE credit?



The rush is on!



Paycheck Protection Program (PPP) Loans

- Applies to employers with 500 or fewer employees (unless otherwise specified by SBA industry standards), including nonprofits, sole proprietors, independent contractors, gig economy workers, and self-employed individuals
- For organizations that were in operation on February 15, 2020
- Employers can borrow the **lesser** of:
 1. 250% of their average monthly payroll expenses *plus* the outstanding balance on any Emergency Injury Disaster Loan (EIDL); **or**
 2. Up to \$10 million
- Intended to cover 8 weeks of payroll expenses and any additional amounts paid towards debt obligations
- 8-week period can be any time between the origination date of the loan through June 30, 2020

Paycheck Protection Program (PPP) Loans Emergency Injury Disaster Loans (EIDL)

- **Updates on March 31, 2020**
- Terms of loans: 0.5%, 2 year maturity date
- Can apply on April 3, 2020 (Friday)
- [SBA website](#)
- [SBA website](#) for PPP loans
- [SBA website](#) for EIDL loans
- Treasury has provided [guidance](#) for lenders and borrowers
- [Sample Application](#) for PPP loans

Paycheck Protection Program (PPP) Loans

- The maximum interest rate is 4%
- Payment of loan principal, interest, and fees is deferred during the deferment period (6 – 12 months), and loan amortization begins on the date of application for forgiveness
- The loan may be used for:
 - Payroll costs
 - Group health benefits
 - Employee salaries, commissions, or similar compensation
 - Mortgage interest payments (but **not** principal payments, including prepayment of principal)
 - Rent
 - Utilities
 - State taxes (SUTA)
 - Interest on any other obligation incurred before February 15, 2020

Paycheck Protection Program (PPP) Loans

- The loan may **not** be used for:
 - Compensation in excess of \$100,000 paid to any one individual
 - FICA tax, Medicare tax, RRTA tax, or federal unemployment tax
 - Compensation to an employee whose principal place of residence is outside the United States
 - Payments for qualified sick leave wages paid for with a credit allowed under the FFCRA
 - Payments for qualified family leave wages paid for with a credit allowed under the FFCRA

Paycheck Protection Program (PPP) Loans

- The borrower must certify that:
 - The loan is necessary to support the applicant's ongoing operations due to the uncertainty of the current economic conditions
 - The loan proceeds will be used to retain workers and maintain payroll or to make mortgage interest payments, lease payments, and utility payments
 - The applicant has no other Paycheck Protection Loan application pending
 - During the period beginning February 15, 2020 and ending December 31, 2020, the applicant has not received PPP loan proceeds for the same purpose and duplicative of amounts applied for and received under another PPP loan

Paycheck Protection Program (PPP) Loans

- Up to 100% of the loan is forgivable. The maximum forgivable amount is determined by:
 - Computing the amount of payments made for **payroll costs, mortgage interest payments, rent payments, and utility payments** for the 8-week period following the origination of the loan

Paycheck Protection Program (PPP) Loans

- That computation is then impacted by two factors:

1. A headcount reduction factor; and
2. A salary and wage reduction amount.

Note: these computations can be nuanced. Basically, if the employer keeps all of its employees, the entirety of the loan will be forgiven. If the employer lays off employees, the forgiveness will be reduced.

- **Important exceptions that operate independently of each other:**

- Headcount reduced between February 15, 2020 and April 26, 2020, then reduction eliminated by June 30, 2020
- Salary and wages reduced for one or more employees between February 15, 2020 and April 26, 2020 as compared to February 15, 2019, and reduction eliminated by June 30, 2020

Paycheck Protection Program (PPP) Loans

- Other features

- For any portion not forgiven, there is a 10-year loan repayment schedule
- 100% guaranteed by the federal government
- No requirement of personal guarantees or collateral
- No prepayment penalty
- Made by and administered by banks, savings and loans, and credit unions
- May receive both a bridge loan from the state and a PPP loan

Paycheck Protection Program (PPP) Loans

- Next Steps
 - Begin by talking with your bank about whether they process SBA 7(a) loans
 - Accumulate the payroll information necessary to determine the maximum loan amount
 - Prepare the required certification
 - Prepare a forecast of amounts you will spend on payroll costs, mortgage interest payments, and utility payments for the 8 weeks following the origination of the PPP loan
 - Think about other documents that lenders typically ask for (financial statements)
 - Examine various forms of relief in the CARES Act and FFCRA

Economic Injury Disaster Loans (EIDL)

- Available beginning January 31, 2020
- Provides for up to \$2 million per employer to help overcome temporary loss of revenue
- May be used to pay fixed debts, payroll, accounts payable, or other bills that organizations cannot pay due to COVID-19
- Available only to businesses without credit available elsewhere
- For nonprofits, the interest rate is 2.75% with a maximum term of 30 years
- If an employer received an Economic Injury Disaster Loan (EIDL) related to COVID-19, they can refinance into a PPP loan
- May not receive both an EIDL and PPP loan for same purposes
- See the [SBA's Fact Sheet](#)

Economic Injury Disaster Loan Advances

- An EIDL loan applicant may request an advance of up to \$10,000 to be paid within three days after submitting their loan application
- An advance is not required to be repaid even if the EIDL loan is subsequently denied

Higher Education Provisions in the CARES Act

- Creates an Education Stabilization Fund
 - \$2.95 billion allocated to the states
 - Distributed at the discretion of the governor
 - For higher ed institutions serving students determined to have been most significantly impacted by COVID-19
 - To support the institution's ability to provide educational services
 - To support the ongoing functionality of the institution

Higher Education Provisions in the CARES Act

- Creates an Education Stabilization Fund (continued)
 - \$13.95 billion allocated to Higher Education
 - 90% of this is for institutions to “prevent, prepare for, and respond to coronavirus” by apportioning:
 - “75 percent according to the **relative share of fulltime equivalent enrollment of Federal Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency**”
 - “25 percent according to the relative share of fulltime equivalent enrollment of students who **were not** Federal Pell Grant recipients who are not exclusively enrolled in distance education courses prior to the coronavirus emergency”

Higher Education Provisions in the CARES Act

- Creates an Education Stabilization Fund (continued)
 - \$ 13.95 billion allocated to Higher Education (continued)
 - 7.5% of this is for minority-serving institutions
 - HEA Title III, Parts A and B, American Indian Tribally Controlled Colleges and Universities, similar organizations, and HBCUs
 - HEA Title V, Part A and B, Hispanic institutions
 - HEA Title VII, Part A, Subpart 4, Masters degrees at HBCUs
 - Special use of funds provisions
 - 2.5% of this is for HEA Title VII, Subpart B institutions
 - These are institutions participating in the Fund for the Improvement of Postsecondary Education
 - Special use of funds provisions

Higher Education Provisions in the CARES Act

- Creates an Education Stabilization Fund (continued)
 - Funds are distributed “using the same systems” the Ed Department uses to distribute Title IV funding
 - Funds are a grant to the institution, not the student
 - **≤ 50% of funds received** must be used to provide **emergency financial aid grants to students** for expenses related to the disruption of campus operations due to coronavirus
 - Including eligible expenses under a student’s cost of attendance, such as food, housing, course materials, technology, health care, and child care

Higher Education Provisions in the CARES Act

- Creates an Education Stabilization Fund (continued)
 - **Remaining funds** may be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, but not for:
 - Payments to contractors for the provision of pre-enrollment recruitment activities;
 - Endowments; or
 - **Capital outlays** associated with facilities related to athletics, **sectarian instruction, or religious worship**
 - Institutions are instructed “to the greatest extent practicable” to use funds to continue to pay its employees and contractors during disruptions due to coronavirus

Higher Education Provisions in the CARES Act

- Creates an Education Stabilization Fund (continued)
 - An HBCU may use funds previously distributed under Titles III, V, and VII to prevent, prepare for, or respond to coronavirus

Families First Coronavirus Response Act (FFCRA)

- Effective date of April 1, 2020 and runs through December 31, 2020
 - There is no retroactive credit for leave paid through April 1
- Drafted and enacted in response to the public health crisis presented by COVID-19
- No exceptions for nonprofit organizations
- Two key sections:
 - Emergency Family and Medical Leave Expansion Act (FMLA)
 - Emergency Paid Sick Leave Act

Families First Coronavirus Response Act (FFCRA)

- Applies to employers with fewer than 500 employees
- There is an exception for those employers who have **fewer than 50 employees** and for whom providing paid leave due to school or place of care closures would **jeopardize the viability of the organization**

Families First Coronavirus Response Act (FFCRA)

- Viability is jeopardized when providing paid leave would:
 - Cause expenses and financial obligations to exceed revenues and force the organization to cease operating
 - Entail a substantial risk to the financial health or operational capabilities because of the employees' specialized skills, knowledge of the business, or responsibilities
 - Create a lack of sufficient able, willing, and qualified workers available at the time and place needed to replace employees so that the organization can operate at minimum capacity

Families First Coronavirus Response Act (FFCRA)

- What does it mean to be able to telework?
 - Your employer permits or allows you to perform work while at home or a location other than your normal workplace
 - Normal pay must be paid for telework hours
- What does it mean to be unable to telework?
 - You are unable to telework if you are unable to perform assigned teleworking tasks for one of the qualifying reasons for paid sick leave
 - If you are able to telework, even partially, while caring for children, then any hours of telework are not eligible for paid sick leave

Emergency Family and Medical Leave Expansion Act

- May permit an employee to take leave in which an employee is unable to work (or telework) due to a need for leave to care for a son or daughter under 18 years of age due to a public health emergency
 - This is the only reason for which leave is paid
- Public health emergency declared on January 31, 2020
- Available to employees who have been employed for at least 30 calendar days (as opposed to 12 months under regular FMLA rules)

Emergency Family and Medical Leave Expansion Act

- First 10 days of leave are unpaid, **or** the employee must use vacation, personal, medical, or sick leave
- After that initial period, employer **must** provide paid leave equal in amount to at least two-thirds of the employee's regular rate of pay for the number of hours the employee would normally work
 - However, amount cannot exceed \$200/day or \$10,000 in the aggregate
- For varying work schedules, compute average number of hours per day over the six-month period ending on the date on which the employee takes paid sick time **or** use employee's reasonable expectation upon hire

Emergency Family and Medical Leave Expansion Act

- Employers who pay qualified family leave wages are permitted a credit against their quarterly FICA and Medicare obligation
- The credit is refundable
- For self-employed individuals, there is a credit against their SECA tax obligation

Emergency Paid Sick Leave Act

- Eligible employees are unable to work or telework for one of the following six reasons:
 1. The **employee is subject to federal, state, or local quarantine or isolation order** related to COVID-19.
 2. The **employee has been advised by a health care provider to self-quarantine** due to concerns related to COVID-19.
 3. The **employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.**

Emergency Paid Sick Leave Act

4. The employee is **caring for an individual** who is subject to an order as described in item 1 above or has been advised as described in item 2.
5. The employee is **caring for a son or daughter because the school or place of care of the son or daughter has been closed, or the child care provider of such son or daughter is unavailable,** due to COVID-19 concerns.
6. The employee **is experiencing any other substantially similar condition** specified by the Secretary of Health and Human Services.

Emergency Paid Sick Leave Act

- Amount of the benefit depends on the reason for leave
- Intended to provide up to two weeks of paid sick time
- **If in the first three categories:**
 - No more than \$511 per day or \$5,110 total
- **If in the last three categories:**
 - No more than \$200 per day or \$2,000 total

Emergency Paid Sick Leave Act

- For employees in the first three categories, the benefit listed **may not be less than the greater of:**
 - The employee's regular rate of pay;
 - The minimum wage rate in effect under the Fair Labor Standards Act; or
 - The minimum wage rate in effect in the state or locality (whichever is greater), in which the employee is employed.
- For employees in the last three categories, the benefit listed **must be two-thirds of the employee's regular rate of pay.**

Emergency Paid Sick Leave Act: Example

- Ernie is a salaried employee making \$60,000 per year. The daily rate for an 8 hour day is $\$60,000/\text{year} \div 2,080 \text{ hours/year} * 8 \text{ hours/day} = \$230.77/\text{day}$
- If he is in one of the first three categories, his rate of pay **must** be \$230.77/day.
- If he is in the latter three categories, his rate of pay **is capped at** 2/3 of his rate of pay, or roughly \$153.84.
 - Remember: \$200/day **but** capped at 2/3 of rate of pay.

Emergency Paid Sick Leave Act

- A full-time employee is entitled to up to 80 hours of paid sick time
 - For full-time hourly workers this 80 hours may be split unevenly between two or more weeks
 - There is only one 80-hour allotment per employee, regardless of the number of applicable allowed reasons
- A part-time employee is entitled to a number of hours equal to the number of hours the employee works, on average, in a two-week period
- For those with varying schedules, compute average number of hours employee was scheduled to work per day over the six-month period ending on the date on which the employee takes paid sick time **or** use the employee's reasonable expectation upon hiring

Emergency Paid Sick Leave Act

- An employer **may not** require an employee to use other leave before taking the paid sick time, though the employee can choose to do so
- Must provide notice of this in a conspicuous location
- Employer cannot require that the employee find a replacement to cover their hours
- Employer cannot discipline, discharge, or discriminate in any manner against an employee who takes advantage of paid sick time

Emergency Paid Sick Leave Act

- When employees take paid sick leave, the employer is allowed a credit against its FICA and Medicare payroll tax obligation equal in amount to the qualified paid sick leave paid in a calendar quarter
- The employer may also claim a credit for qualified health expenses related to providing a group health plan
- The credit is refundable, which means the employer will need to be able to pay the sick leave up front
- The credit is includable in gross income, with an offsetting tax deduction for the qualified paid sick leave and health plan costs, as well as the deduction for payroll taxes covered by the credit

Families First Coronavirus Response Act

- An employee may claim benefits under both the Emergency FMLA and Emergency Paid Sick Leave Acts, though not simultaneously

Families First Coronavirus Response Act

- Questions and Answers supplied by the U.S. Department of Labor at <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

Families First Coronavirus Response Act

- An employee who is home because his or her children's school or day care is closed due COVID-19-related reasons may take Emergency Paid Sick Leave, Emergency FMLA Leave, or both
 - The maximum number of weeks allowed is 12
 - The period covered by the Emergency Paid Sick Leave can cover the initial 10-day unpaid period for the Emergency FLMA Leave

Families First Coronavirus Response Act

- Teleworking intermittently
 - If you are able to telework intermittently in an agreed-upon time increment (e.g., 90 minutes), then you can have a combination of paid sick leave and regular pay based in this intermittent schedule
 - This will inherently extend the period of time it will take to meet the 80-hour limit
 - The DOL encourages such arrangements
 - Working intermittently at your normal place of employment is not permitted except in the case of caring for children whose school or day care is closed

Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Signed by President Trump on March 27, 2020
- Unanimous passage by the Senate, voice vote in the House
- Contains many provisions related to employment, payments to small business (including nonprofits), and other measures meant to bolster the economy during the COVID-19 crisis

Pandemic Unemployment Assistance Provisions

- Federal Pandemic Unemployment Compensation provision **increases** the amount of unemployment compensation by \$600/week over and above the normal unemployment compensation amount through July 31, 2020
- Pandemic Unemployment Assistance provision expands the definition of a “covered individual” **and** prolongs the amount of time the assistance is provided to 39 weeks through December 31, 2020
 - Provides for the normal unemployment and increased amount for the expanded list of covered individuals to cover **church employees** and others normally excluded
 - Does **not** apply to those who are **able to telework**
 - Is **not** available to those receiving assistance under the Expanded FMLA or Paid Sick Leave provisions of the FFCRA or other paid leave benefits
 - Secretary will create a process for making assistance available under the Act for the weeks beginning on or after January 27, 2020 through the passage of the Act

Pandemic Unemployment Assistance

- Covered individuals include gig economy workers, independent contractors, and church employees
- Covered individuals are those who certify that they are otherwise able to work but are unemployed, partially unemployed, or unable or unavailable to work because:
 1. They have been diagnosed with COVID-19 or are experiencing symptoms and seeking a medical diagnosis;
 2. A member of the individual's household has been diagnosed with COVID-19;
 3. The individual is providing care for a family member or a member of their household who has been diagnosed;

Pandemic Unemployment Assistance

4. **A child or other person in the household for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed** as a direct result of the COVID-19 public health emergency;
5. The individual is unable to reach the place of employment because of a quarantine imposed as a direct result of the COVID-19 public health emergency;
6. The individual is unable to reach the place of employment because they have been advised by a health care provider to self-quarantine due to COVID-19 concerns;

Pandemic Unemployment Assistance

7. The individual was scheduled to commence employment and does not have a job as a direct result of the COVID-19 emergency;
8. The individual has become the breadwinner or major support for a household because the head of the household has died as a direct result of COVID-19;
9. The individual has to quit his or her job as a direct result of COVID-19;
10. The individual's place of employment is closed as a direct result of COVID-19; **or**
11. The individual meets any additional criteria established by the Secretary.

Federal Pandemic Unemployment Compensation

- Pandemic Emergency Unemployment Compensation is available for those who:
 - Have exhausted all rights to regular compensation under federal or state law for the year;
 - Have no rights to regular compensation under other state unemployment compensation law or federal law;
 - Are not receiving compensation under the laws of Canada; and
 - Are able to work, available to work, and actively seeking work.
- Also applies to those who quit their jobs for coronavirus-related reasons

Federal Funding for First Week of Regular Unemployment

- States can waive any one-week waiting period for unemployment compensation
- Federal government will reimburse states for the extra cost
- Applicable until December 31, 2020

Relief for Reimbursing Employers

- For those agencies and organizations that are “reimbursing employers”
- Provides payments of 50% of the unemployment compensation to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur from March 13, 2020 through December 31, 2020 in paying for unemployment compensation
- Reimbursing employers are not required to repay the funds supplied by the federal government

Employee Retention Credit

- Provides a refundable credit against FICA for 50% of qualifying wages paid to employees during the crisis
- Available to nonprofits
- **Cannot** receive both this credit and a Paycheck Protection Program loan
- Available to employers – including nonprofits – whose:
 - 1) Operations were fully or partially suspended; **or**
 - 2) Gross receipts declined by more than 50% when compared to the same quarter in the previous year.

Employee Retention Credit

- Credit is based on qualified wages to employees
- The size of the employer matters
 - >100 full-time employees: wages paid to employees when they are **not** providing services due to COVID-19 related circumstances
 - <100 full-time employees: **all** employee wages regardless of whether employer is open for business or shut down
 - Cannot “double-dip” with amounts paid under the Families First Coronavirus Response Act (FFCRA)

Employee Retention Credit

- Credit is against applicable employment tax for each quarter
- The credit is refundable
- Credit is available for the first \$10,000 of compensation, including health benefits, paid to **each** eligible employee
- Credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020

Delay of Payment of Employer Payroll Taxes

- Allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax (50% of the FICA tax)
 - For the 6.2% OASDI portion and **not** Medicare
- Must pay over the following two years
- Half of the amount to be paid by December 31, 2021 and the other half paid by December 31, 2022
- If employer benefited from loan forgiveness under the Paycheck Protection Program loan program, it may not utilize this provision

Temporary Relaxation of the Net Operating Loss Rules

- Allows for a net operating loss arising in a tax year beginning in 2018, 2019, or 2020 to be carried back five years from the loss year
- Also temporarily removes the taxable income limitation to allow an NOL to fully offset income
- Allows for an amendment to prior-year tax returns in an effort to provide critically needed cash flow right now

2020 Recovery Rebates

- Provides for up to \$1,200 for each individual with gross income up to \$75,000 (\$150,000 for married filing jointly) and \$500 for each child
- Phase out begins at \$75,000/\$150,000, with reduction of \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold (\$99,000/\$198,000)
- Amount is based off of 2019 or 2018 tax returns
- Available to those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefits

“Above-the-line” Charitable Contribution Deduction

- Each taxpayer who does **not** itemize his or her deductions may claim a charitable contribution of up to \$300 for the taxable year for cash contributions made to a public charity
- Excludes 509(a)(3) supporting organizations and contributions to establish or maintain donor-advised funds
- Cannot utilize carryovers from past years for this

Modification of Charitable Deduction Limit

- For individuals who itemize:
 - Expands the limit on deductibility of cash contributions made by individuals to a public charity during 2020 from 50% of adjusted gross income to 100% of adjusted gross income
- Corporations that itemize have the limitation increased from 10% to 25%

Suspension of Early Withdrawal Penalties from Retirement Plans

- Waives the 10% early withdrawal penalty for coronavirus-related withdrawals of up to \$100,000 from retirement plans
- Applies to withdrawals made during calendar 2020
- 3-year ratable gross income inclusion (1/3, 1/3, 1/3)
- Applies to distributions:
 - Made to an individual who is diagnosed with COVID-19
 - Whose spouse or dependent is diagnosed with COVID-19
 - Who experiences financial consequences as a result of being quarantined, furloughed, laid off, and/or being unable to work (closure, child care)
- Applies to 401(k) plans, 403(b) plans, governmental 457(b) plans, and IRAs

Waiver of Required Minimum Distribution

- For 2020, waives required minimum distributions from certain retirement plans
- Applies to 401(k) plans, 403(b) plans, governmental 457(b) plans, and IRAs

New Exclusion for Student Loan Payments Made by an Employer

- Available from March 27, 2020 through January 1, 2021
- Expands the definition of educational assistance to include payments by an employer to an employee or lender for the purpose of paying the principal and interest on a qualified student loan
- Allows employers to make tax-free student loan repayment assistance
- Up to \$5,250 excludable from employee's income
 - This amount includes both student loan repayments and other educational assistance (e.g. tuition, fees, books)

Additional COVID-19 Resources

Things are changing fast! Visit [capincrouse.com](https://www.capincrouse.com) and go to the Nonprofit Resources section for the latest updates.



COVID-19 Resources

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy

- Background: [Rev. Proc. 75-50](#) requires that schools publicize their racially nondiscriminatory admissions policy
 - The original revenue procedure provided two mechanisms for meeting this publication requirement:
 - Publication of a notice of the racially nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the community
 - Use the broadcast media to publicize the racially nondiscriminatory policy if this use makes such nondiscriminatory policy known to all segments of the general community the school serves

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Compliance with this requirement is disclosed on Schedule E, Part 1, Line 3

3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. If you need more space, use Part II

3			

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- [Rev. Proc. 2019-22](#) provides a new mechanism for educational organizations to comply with the publication requirement of [Rev. Proc. 75-50](#)
 - The organization's racially nondiscriminatory admissions policy may now be published on the organization's "primary publicly accessible Internet homepage at all times during its taxable year... in a manner reasonably expected to be noticed by visitors to the homepage."
 - Where a school does not have its own website, the notice may be placed on the school's primary landing page within the website of the entity (e.g., a church) with which it is affiliated

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Factors used to determine the adequacy of the posted notice include:
 - The size, color, and graphic treatment of the notice in relation to other parts of the homepage
 - Whether the notice is unavoidable
 - Whether other parts of the homepage distract attention from the notice
 - Whether the notice is visible without a visitor having to do anything other than simple scrolling on the homepage

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Unacceptable practices include:
 - A link on the homepage to another page where the notice appears
 - A notice that appears in a carousel
 - A notice that only appears by selecting a dropdown or by hovering over a particular portion of the screen (mouseover)

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- The instructions to Schedule E, Part I, Line 3 require that if an organization is relying on publication on its homepage to comply with the publication requirement, the message must be on “its primary publicly accessible Internet homepage at all times during its tax year in a manner reasonably expected to be noticed by visitors to the homepage”
- If this is not the case (and no other publication methods have been used), then answer “No” and provide an explanation in Part II

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Rev. Proc. 75-50 does provide three exceptions to the publicity requirement:
 - **Parochial School Exception:** If during the 3 preceding years at least 75% of enrolled students were members of the school's sponsoring religious denomination or unit, the publication in newspapers or circulars utilized by the religious denomination or unit in the communities from which it draws students will suffice.

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Rev. Proc. 75-50 does provide three exceptions to the publicity requirement (continued):
 - **Broad Geographic Region Exception:** If students are drawn nationwide, worldwide, or from a large geographic section or sections of the United States, then publication in brochures and catalogues dealing with student admissions, programs, and scholarships is sufficient. All facts and circumstances are examined to determine compliance.

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Rev. Proc. 75-50 does provide three exceptions to the publicity requirement (continued):
 - **Local Communities Exception:** If students are drawn from local communities and the school currently enrolls students of racial minority groups in meaningful numbers, then publication in brochures and catalogues dealing with student admissions, programs, and scholarships is sufficient. All facts and circumstances are examined to determine compliance.

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Rev. Proc. 75-50 does provide three exceptions to the publicity requirement (continued):
 - The IRS makes it clear the burden is on a school to maintain records sufficient to establish it qualifies for an exception, including:
 - Records indicating the racial composition of the student body, faculty, and administrative staff for each academic year.
 - Records sufficient to document that scholarship and other financial assistance is awarded on a racially nondiscriminatory basis.

Rev. Proc. 2019-22: Disclosing Nondiscriminatory Admissions Policy (continued)

- Rev. Proc. 75-50 does provide three exceptions to the publicity requirement (continued):
 - Recordkeeping requirements (continued)
 - Copies of all brochures, catalogues, and advertising dealing with student admissions, programs, and scholarships. Schools advertising nationally or in a large geographic segment or segments of the United States need only maintain a record sufficient to indicate when and in what publications their advertisements were placed.
 - Copies of all materials used by or on behalf of the school to solicit contributions.

Sec. 512(a)(6) Update

- There has been no substantive new guidance since Notice 2018-67
- 512(a)(6) regulations are listed as a project on the IRS Priority Guidance Plan
 - It is reported that proposed regulations have been sent to the OMB's Office of Information and Regulatory Affairs (OIRA), which is a final step to approval
- We are told that a prior guidance project regarding allocation of expenses in the case of dual-use facilities has been rolled into the 512(a)(6) regulations project

Sec. 512(a)(6) Update

- With respect to apportionment of indirect expenses
 - On the 2019 Form 990-T the charitable contribution deduction has been moved from Part II (deductible expenses for an activity) to Part III, Line 34.

Part III Total Unrelated Business Taxable Income		
32	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions)	32
33	Amounts paid for disallowed fringes	33
34	Charitable contributions (see instructions for limitation rules)	34
35	Total unrelated business taxable income before pre-2018 NOLs and specific deduction. Subtract line 34 from the sum of lines 32 and 33	35
36	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions)	36
37	Total of unrelated business taxable income before specific deduction. Subtract line 36 from line 35	37
38	Specific deduction (Generally \$1,000, but see line 38 instructions for exceptions)	38
39	Unrelated business taxable income. Subtract line 38 from line 37. If line 38 is greater than line 37, enter the smaller of zero or line 37	39

- At conferences IRS personnel have stated:
“Use reasonable good faith”
in regard to allocating expenses such as tax preparation fees among multiple unrelated business activities

Polling Question

Are you still there?



Regulations Limiting Charitable Deduction Where State Tax Credit Allowed

- In June 2019, the IRS issued final regulations that:
 - Reduce the charitable contribution deduction for a gift to a state or local agency that created a state or local income tax credit by the amount of the credit
 - This rule is not applied if the amount of the resulting credit is no more than 15% of the gift
 - Do not reduce the amount of a charitable contribution deduction where the gift creates a state or local tax deduction
 - But if the state or local tax deduction exceeds the charitable contribution deduction, the charitable contribution deduction is reduced by the excess

Regulations Limiting Charitable Deduction Where State Tax Credit Allowed (continued)

- In December 2019, the IRS issued proposed regulations intended to:
 - Enshrine in regulations the safe harbor provided in Rev. Proc. 2019-12 for payments made by a C corporation or a specified pass-through entity for which a credit applicable to state or local tax assessed on the entity is allowed
 - The rule allows the C corporation or specified pass-through entity to deduct the amount paid as an ordinary and necessary business expense under section 162, irrespective of the \$10,000 cap on state and local tax payments under section 164(b)(6)

Regulations Limiting Charitable Deduction Where State Tax Credit Allowed (continued)

- In December 2019, the IRS issued proposed regulations intended to: (continued)
 - Address the treatment of payments made by an individual who receives a SALT credit, but whose SALT liability is less than the \$10,000 limit
 - Such individuals would be allowed to treat such payments as a SALT payment to the extent the credit generated is used to pay a state or local tax liability in the current or previous year, **but only** up to the \$10,000 limit (in combination with actual tax payments during the current or prior year)
 - Address the treatment of payments that generate credits issued by a party other than the donee

Thank you!

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Appendix



Minister's Housing Allowance Litigation

- On March 15, 2019 the Seventh Circuit ruled the minister's housing allowance is constitutional
- On June 14, 2019 the Freedom From Religion Foundation announced it would not appeal to the Supreme Court
 - [Freedom From Religion Foundation press release](#)
- For now there is no active threat to the minister's housing allowance

Sec. 512(a)(7) “Parking Tax” Update

- ~~• No new guidance since Notice 2018-99~~
- ~~• Repeal is still an option, with several bills having been introduced~~
 - ~~• There has been no talk of any of these bills being included in legislation that is currently being considered for passage before year-end~~
- **On December 20, 2019 President Trump signed the Further Consolidated Appropriations Act, 2020 repealing the parking tax as part of a larger tax package**

Sec. 512(a)(7) “Parking Tax” Update (continued)

- Organizations that previously filed Form 990-T to pay the parking tax may now file an amended return to claim a refund
- The IRS has posted [instructions on its website](#) regarding amending Form 990-T
 - For a 2017 Form 990-T (used by organizations with a fiscal year ending in 2018)
 - Write “Amended Return – Section 512(a)(7) Repeal” across the top of the form
 - Reduce the amount reported on line 12 by the amount reported as disallowed qualified transportation fringe benefits
 - Flow this change through the remainder of the form
 - Include the amount of tax due from the originally filed return (line 48) on line 45g

Sec. 512(a)(7) “Parking Tax” Update (continued)

- Amending Form 990-T (continued)
 - For a 2018 Form 990-T (used by calendar year taxpayers or organizations with a fiscal year ending in 2019)
 - Write “Amended Return – Section 512(a)(7) Repeal” across the top of the form
 - Enter \$0 on line 34
 - Flow this change through the remainder of the form
 - Include the amount of tax due from the originally filed return (line 53) on line 50g
 - **For both the 2017 and 2018 form attach a statement indicating the line numbers on the original return that were changed and the reason for each change.**

IRS Releases 2020 Form W-4

- The IRS has released the [2020 Form W-4](#)
- The IRS issued [FAQs](#) employers and employees may find helpful
- Employees hired in 2020 must use the new Form W-4
 - Employees hired prior to January 1, 2020 who have previously filed a Form W-4 are not required to file a new one
 - However, not doing so may risk under-withholding
- Form W-4 no longer relies on withholding allowances
- Ministers who voluntarily withhold through payroll enter the withholding amount on Form W-4, line 4(c)

IRS Updates Withholding Tax Estimator

- In support of the Form W-4 changes the IRS has created a [withholding tax estimator](#)
- To use the withholding estimator you must know basic details about your 2020 income, withholdings, and deductions, including:
 - Salary
 - Bonus
 - Dependents under age 17
 - Other dependents
 - Itemized deductions
 - Retirement plan contributions
 - Income from self-employment
 - Planned estimated tax payments

IRS Releases Publication 15-T: *Federal Income Tax Withholding Methods*

- The IRS has released [Publication 15-T](#) describing two income tax withholding methods:
 - Percentage method
 - Wage bracket method
- The **percentage method** is designed for use with automated payroll systems and works with Forms W-4 from 2019 or earlier or 2020 or later
- The **wage bracket method** is only for use with Forms W-4 from 2020 or later and for manual payroll calculations

New IRS Form 1099-NEC

- The IRS is preparing to introduce new Form 1099-NEC (non-employee compensation)
- This form would be used instead of reporting non-employee wages on Form 1099-MISC, Box 7
- The forms will be required for calendar year 2020 reporting (i.e., for forms issued in January 2021)

VOID CORRECTED

OMB No. 1545-0046

2020

Form 1099-NEC

Nonemployee Compensation

Copy 1 For State Tax Department

1 Nonemployee compensation

PAYER'S TIN PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

RECIPIENT'S TIN RECIPIENT'S name

Street address (including apt. no.)

City or town, state or province, country, and ZIP or foreign postal code

FATCA filing requirement

Account number (see instructions)

4 Federal income tax withheld

5 State tax withheld

6 State/Player's state no.

7 State income

Form 1099-NEC www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

New Overtime Regulations Issued by DOL

- On September 24, 2019 the DOL released the final regulations governing overtime pay for exempt workers
 - These rules were first proposed on March 7, 2019
 - The new rules replace the previously finalized rules issued in 2016 that were ruled invalid by a federal court
- The new rules are effective January 1, 2020

New Overtime Regulations Issued by DOL (continued)

- The new rules require that exempt employees receive weekly compensation of **\$684/week, up from \$455/week (\$35,568 annually, up from \$23,660 annually)**
 - Up to 10% of this amount may be paid in the form of **nondiscretionary** bonuses, incentives, and commissions
 - An employee earning at least \$107,432 (a highly compensated employee) is deemed exempt
 - [DOL Fact Sheet 17H](#) discusses highly compensated employees in more detail

New Overtime Regulations Issued by DOL (continued)

- There are no changes to the definition of an exempt employee
- The ministerial exception to the application of the Fair Labor Standards Act continues to exclude ministers from the application of this new overtime rule
- Expect to see more frequent periodic updates to this rate in the future
 - The frequency will be dictated by prevailing economic conditions, not a fixed timetable

New Regs Regarding Individual Coverage HRAs

- The IRS, DOL, and HHS issued new HRA regulations in June 2019
- These regulations permit:
 - Individual coverage HRAs
 - Excepted benefit HRAs

New Regs Regarding Individual Coverage HRAs (continued)

- Individual coverage HRA (ICHRA)
 - Must require that the participant and dependents enroll in individual health insurance coverage that is subject to and complies with the **no annual lifetime limit rule** and provides **coverage with no cost-sharing requirements for various preventive health services**
 - If the participant ceases to be eligible for coverage by the ICHRA, the HRA must not reimburse medical expenses incurred after the individual health insurance coverage ceases
 - Cannot steer participants/dependents with adverse health factors away from an employer's traditional group health plans toward individual health coverage

New Regs Regarding Individual Coverage HRAs (continued)

- Individual coverage HRA (ICHRA) (continued)
 - An employer can contribute as little or as much as the employer wants
 - The amount an employer provides is permitted to increase based on the number of dependents or based on the increase in age of the participant
 - ICHRA dollars can be used to pay for or reimburse qualified medical care expenses in addition to health insurance premiums
 - The employer must adopt reasonable procedures to substantiate individual health insurance coverage has been obtained

New Regs Regarding Individual Coverage HRAs (continued)

- Individual coverage HRA (ICHRA) (continued)
 - Unused account balances may carry over to the next year
 - Eligible participants must be permitted to opt out of and waive future reimbursements from the ICHRA option
 - An ICHRA can be integrated with Medicare to cover the cost of Medicare-related coverages
 - Care must be exercised to understand the application of the Medicare Secondary Payer rules

New Regs Regarding Individual Coverage HRAs (continued)

- Individual coverage HRA (ICHRA) (continued)
 - The ICHRA option must be offered on the same basis to all employees within the same class
 - An employer may not offer the same class of employees a choice between a group health plan and an ICHRA option

New Regs Regarding Individual Coverage HRAs (continued)

- Individual coverage HRA (ICHRA) (continued)
 - Employee classes are permitted to be based on:
 - Full-time employees
 - Part-time employees
 - Employees working in the same geographic location
 - Seasonal employees
 - Employees in a unit covered by a particular collective bargaining agreement
 - Employees who have not satisfied a waiting period
 - Non-resident aliens with no U.S.-based income
 - Salaried workers
 - Non-salaried workers (e.g., hourly workers)
 - Temporary employees of staffing firms
 - Any group of employees formed by combining two or more of these classes

New Regs Regarding Individual Coverage HRAs (continued)

- Individual coverage HRA (ICHRA) (continued)
 - Employees may use pre-tax cafeteria plan salary reductions to pay any portion of their individual health insurance premium not covered by the ICHRA
 - An individual health insurance policy purchased using pre-tax salary reductions cannot be a policy offered on an exchange
 - This will require cafeteria plan amendments
 - This is not the same as using Healthcare FSA dollars to pay premiums
 - There are special rules that must be followed to avoid having the cafeteria plan be covered by ERISA
 - State laws may limit the availability of this option

New Regs Regarding Individual Coverage HRAs (continued)

- Individual coverage HRA (ICHRA) (continued)
 - See the FAQs published at <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Downloads/HRA-FAQs.pdf>

New Regs Regarding Individual Coverage HRAs (continued)

- Excepted Benefit HRAs (EBHRA)
 - Excepted benefits are benefits that are not part of a major medical plan, including:
 - Vision insurance
 - Dental insurance
 - COBRA payments
 - Long-term care insurance
 - EBHRA participants must be offered some form of group health plan
 - An EBHRA sits alongside a group health plan
 - Participants in a ICHRA cannot also be offered an EBHRA

New Regs Regarding Individual Coverage HRAs (continued)

- Excepted Benefit HRAs (EBHRA) (continued)
 - EBHRAs must be made available under the same terms and conditions to all similarly situated individuals
 - An EBHRA may not discriminate in favor of highly compensated individuals
 - There is an annual plan contribution limit of \$1,800 (indexed for inflation)
 - Unused amounts from the prior year carryover and do not count toward this limit
 - Contributions to other employer-provided HRA or account-based plans count against this limit unless they only cover excepted benefits

Form 990 Changes

- There are minimal changes to the 2019 Form 990
- Principal change is to Part X, Lines 27 and 28

Balances	Organizations that follow FASB ASC 958, check here <input type="checkbox"/>			
	and complete lines 27, 28, 32, and 33.			
27	Net assets without donor restrictions		27	
28	Net assets with donor restrictions		28	

- The form now conforms to ASU 2016-14

NonBelief Relief Challenge to Church Form 990 Filing Exemption

- History
 - NonBelief Relief Inc. was founded in 2015 and applied for and received exempt status recognition under section 501(c)(3)
 - NonBelief Relief intentionally failed to file IRS Form 990 for three successive years
 - The IRS automatically revoked its exempt status
 - NonBelief Relief sued alleging
 - The church exemption to filing IRS Form 990 is a violation of the Establishment Clause
 - Revocation of its exempt status is a violation of the Equal Protection component of the Fifth Amendment's Due Process Clause

NonBelief Relief Challenge to Church Form 990 Filing Exemption (continued)

- The U.S. District Court for the District of Columbia [rejected NonBelief Relief's challenge](#) for lack of standing

Notice Required Before Automatic Revocation

- I.R.C. § 6033(j)(1)(B) (formerly § 6033(j)(1)) provides for the automatic revocation of an organization's exempt status after failing to file a required Form 990 series return for three consecutive years
- The Taxpayer First Act added a new requirement that the IRS issue a notice warning of the possibility of revocation after the failure to file a required return for two consecutive years (I.R.C. § 6033(j)(1)(A))

New Schedule B Regulations (and More!)

- Background: In July 2018 the IRS issued Rev. Proc. 2018-38, which exempted organizations described in section 501(c) other than those described in section 501(c)(3) and section 527 from the requirement to disclose the identity of donors on Form 990, Schedule B
- In July 2019, a Montana U.S. District Court judge ruled that Rev. Proc. 2018-38 was invalid because the IRS had not followed the proper procedure in announcing the rule change

New Schedule B Regulations (and More!)

(continued)

- In September 2019, the IRS, in conformity with the procedures the judge ruled were previously violated, published proposed regulations that reinstate the exemption from disclosing donor names on Schedule B for 501(c) organizations other than those described in section 501(c)(3) and section 527
- The proposed regulations also incorporate into regulation form a number of miscellaneous provisions that had previously been announced in revenue procedures

New Schedule B Regulations (and More!) (continued)

- The proposed regulations specifically state that they intentionally do not incorporate Rev. Proc. 96-10
 - Rev. Proc. 96-10 has been specifically relied on by many organizations “operated, controlled, or supervised by one or more churches, integrated auxiliaries, or conventions or associations of churches” as authority for not filing IRS Form 990
 - The IRS has solicited comments on why such organizations should not properly be classified as supporting organizations
 - The IRS believes it no longer has the discretion to exempt supporting orgs from filing Form 990 since the Pension Protection Act of 2006 added Code section 6033(a)(3)(B)

2019 Form 990-T Changes

- Form 990-T changes reinforce changes arising from the 512(a)(6) siloing rules
- There is now allowed a deduction for NOLs from 2018 (post 12/31/2017)

28	Total deductions. Add lines 14 through 27	28	
29	Unrelated business taxable income before net operating loss deduction. Subtract line 28 from line 13	29	
30	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)	30	
31	Unrelated business taxable income. Subtract line 30 from line 29	31	

Electronic Filing of 990 Series Returns

- Taxpayer First Act requires exempt organizations to electronically file information returns
 - Applies to tax years beginning after July 1, 2019
 - For certain small organizations (those filing Form 990-EZ), implementation may be delayed until tax years beginning after July 1, 2021
 - A small organization is an organization with
 - Gross receipts less than \$200,000, and
 - Gross assets less than \$500,000
- In a December 13, 2019 notice, the IRS announced plans to require Form 990-EZ to be filed electronically for all tax years ending on August 31, 2020 or later

Electronic Filing of 990 Series Returns (continued)

- The electronically filed Form 990 is now required to be made publically available as soon as is practicable
- Form 990-T is required to be filed electronically for tax years beginning after July 1, 2019
 - The statute permits the IRS to delay implementation for up to two years
 - In a December 13, 2019 notice, the IRS announced it planned to begin requiring electronic filing of Form 990-T in 2021 for returns covering 2020

Changes to Group Exemption Annual Reporting Requirement

- General Rule: A “central organization” issued a group exemption is required to submit:
 - Information regarding all changes in the purposes, character, or method of operation of subordinates
 - A list of (a) subordinates that have changed their names or addresses during the year; (b) subordinates no longer to be included in the group exemption; and (c) subordinates to be added to the group exemption letter
 - Certain other detailed information about new subordinates
- This information is required to be provided 90 days before the end of the central organization’s fiscal year

Changes to Group Exemption Annual Reporting Requirement (continued)

- Historically the IRS has sent central organizations a list of the group members found in the IRS’s records
 - This list was called the “List of Parent and Subsidiary Accounts”
 - This list would typically be sent approximately midway through the central organization’s fiscal year
- New World: Effective January 1, 2019, the IRS ceased sending the midyear listings to central organizations
 - Central organizations are still required to submit the annually required information, but no longer have a prompt to do so

New Online Form 1023 Exemption Application

- The IRS [has announced](#) a new online electronic Form 1023 exemption application
- Beginning January 31, 2020, new applications for exempt status must be filed online
 - A 90-day transition period from paper filing to online filing is allowed
 - This will allow applications in process to be completed without having to switch to the new online version
- The new form will require creation of a www.pay.gov account
- Questions on the new form include context-sensitive help throughout the form

New Online Form 1023 Exemption Application (continued)

- The form still requires:
 - A narrative of the applicant organization's actual and planned activities
 - Copies of the organization's organizing documents
 - Information about specific activities (e.g., grantmaking)
 - Information about compensation policies
 - Information about financial arrangements
 - Summary financial information
- A single PDF attachment that includes all supporting documents may be uploaded
- The user fee will now be paid electronically

IRS Increases Syndicated Conservation Easement Enforcement Efforts

- Background
 - Code section 170(f)(3)(B)(iii) permits a deduction for qualified contribution contributions
 - In a syndicated conservation easement transaction, a promoter attracts investors by promising a conservation easement contribution deduction far in excess of the investor's investment
 - In [Notice 2017-10](#), the IRS announced that syndicated conservation easement transactions would not be a "listed transaction"
 - Listed transactions are subject to special disclosure rules and may subject participants to additional scrutiny and penalties

IRS Increases Syndicated Conservation Easement Enforcement Efforts (continued)

- On November 12, 2019, the IRS announced "a significant increase in enforcement actions for syndicated conservation easement transactions"
- This increase includes coordinated examinations (i.e., audits) across divisions of the IRS

Sec. 501(c)(4) Employment Tax Audits

- Background: Many Sec. 501(c)(4) organizations have a complementary Sec. 501(c)(3) organization
 - Frequently staff are shared between the two organizations
 - Wages paid to employees of a Sec. 501(c)(3) organization are exempt from federal unemployment tax (FUTA)
 - Wages paid to employees of a Section 501(c)(4) organization are not exempt from FUTA
- If the Sec.501(c)(3) organization is the common paymaster, it is required to report the FUTA obligation of the related Sec. 501(c)(4) organization
 - See Issue Snapshot [Common Paymaster](#)

Sec. 501(c)(4) Employment Tax Audits (continued)

- The IRS has initiated a number of audits of organizations that match this fact pattern
- This is visible to the IRS when the Sec. 501(c)(4) organization is required to report compensation information in Form 990, Part VII, but has not filed a Form 940 to report its FUTA tax liability

Requirement to Notify IRS of Intent to Operate as a 501(c)(4)

- In July 2019 the IRS issued new regulations under section 506
- Section 506 was added to the Code by the PATH Act in 2015

Requirement to Notify IRS of Intent to Operate as a 501(c)(4) (continued)

- Section 506(a) requires an organization described in section 501(c)(4) to notify the IRS within 60 days after being established that the organization is operating as a 501(c)(4) organization
 - The IRS has created Form 8976 to comply with this requirement
 - Form 8976 may be filed electronically
- Form 8976 does not replace Form 1024 for requesting a determination letter

Important IRS Information Letters

- During 2019, the IRS issued two noteworthy information letters:
 - IRS information letter 2019-0007 [International grantmaking by domestic charities](#)
 - IRS Information letter 2019-0012 [Ministers and their tax status](#)

2019 Issue Snapshots

During 2019, the IRS Exempt Organizations division issued four Issue Snapshots.

Title	Date Released
Private Foundations – Issues Encountered Once a Self-Dealing Transaction Has Occurred	03/21/2019
Benefits Considerations for Fraternal Organizations Described in IRC Section 501(c)(8)	08/09/2019
Private Foundations - Self-Dealing IRC 4941(d)(1)(A)	10/22/2019
Private Foundations - Self-Dealing IRC 4941(d)(1)(B)	10/22/2019

Key Tax Figures Update

- 2020 Standard deduction

Filing Status	Amount
Married filing joint	\$24,800
Head of household	\$18,650
Single	\$12,400
Married filing single	\$12,400

- 2020 Mileage rates

Purpose	Rate
Business miles	57.5 cents/mile
Medical miles	17 cents/mile
Charitable miles	14 cents/mile

Key Tax Figures Update (continued)

Category	Amount
FICA wage base	\$137,700
Voluntary employee contributions to a health FSA	\$2,750
QSEHRA contribution limit	\$5,250 (single) \$10,600 (family)
Foreign earned income exclusion	\$107,600
Estate tax exclusion	\$11,580,000
Annual gift tax exclusion	\$15,000
Token donor gift amount	\$11.20
Maximum return benefit limit	\$112.00