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2021 NPO Tax Update

BETSY KRISHER

July 28, 2021

2021 NPO Update Tax Agenda

IRS TE/GE Fiscal Year 2020 Accomplishments

IRS TE/GE Fiscal Year 2021 Program Letter

Current State of the IRS

2020 Form 990/990-PF and 2020 Form 990-T

Other Current EO Matters of Note

IRS TE/GE Fiscal Year 2020 Accomplishments

Who's Who at IRS TE/GE now

Source:
<https://www.irs.gov/government-entities/tax-exempt-government-entities-division-at-a-glance>

Leadership Team

Contact	Telephone
Sunita Lough, Commissioner	202-317-8400
Edward Killen, Deputy Commissioner	202-317-8500
Eric Slack, Director, Employee Plans	202-317-8700
Robert Malone, Director, Exempt Organizations and Government Entities	202-317-8989

IRS TE/GE FY2020 Accomplishments

- ❑ Publication 5329 (Rev 1-2021)
- ❑ Issued by Acting TE/GE Commissioner: Edward T. Killen
- ❑ TE/GE covers:
 - ❑ Employee Plans
 - ❑ Exempt Organizations
 - ❑ Government Entities
 - ❑ Indian Tribal Governments

Highlighted Accomplishments

- ❑ Workforce adjustments to remote locations
- ❑ Processing of Form 7200 Advance Payment of Employer Credits
- ❑ New electronic examinations process
- ❑ Collaboration with other divisions regarding shared fraud, promoter, Abusive Tax Avoidance Transactions & global high wealth programs

Highlighted Accomplishments

- ❑ Employee Plans allowed individually designed hybrid plan sponsors to submit determination letter applications for their amended plans
- ❑ Hiring initiative to add 188 new hires, including 149 revenue agents
- ❑ Virtual outreach presentations

Compliance Platform

Compliance
Strategies

Data Driven
Approaches

Referrals, Claims
and Other
Casework

Compliance
Contacts

Determinations

Voluntary
Compliance and
Other Technical
Programs

Exempt Organizations Examinations

Source: Publication 5329 (Rev 1-2021)

	CLOSED
Compliance Strategies	374
Data-Driven	1,508
Referrals, Claims & Other Casework	1,358
Totals	3,240

- ❑ Miscellaneous excise taxes
- ❑ Unrelated Business Income
- ❑ Filing Requirements
- ❑ Unreported Compensation
- ❑ Operational Requirements

Prominent Issues Found in FY 20 Exams

Source: Publication 5329 (Rev 1-2021)

EO Compliance Strategies

- ❑ Hospital organizations with unrelated business income
- ❑ IRC Sec. 501(c)(7) entities investment & nonmember income
- ❑ Under-reported income and/or over-reported charitable contributions by IRC Sec. 4947(a)(1) non-exempt trusts
- ❑ Previous for-profits
- ❑ Private benefit and private inurement
(<https://boardsource.org/resources/private-benefit-private-inurement-self-dealing/>)

Other Examination Activities

- ❑ Data driven compliance exams selected through compliance query sets of information reported on 990 series returns
- ❑ EOs identified using RAAS to research private inurement/private benefit, officer business partnerships, under-reported credit card income, related employees, for-profit partnerships

Referrals, Claims and Other Casework

- ❑ Entities that filed and received exemption using Form 1023-EZ
- ❑ Referrals from inside and outside the IRS
- ❑ Pursued promoter investigations and other client exams in partnership with SB/SE-led investigations



Passcode #1

Step Away from
TE/GE FY2020
Report

Another perspective on IRS EO exam activities

TIGTA Report Number 2021-10-013

- ❑ Issued February 17, 2021
- ❑ [Obstacles Exist in Detecting Noncompliance of Tax-Exempt Organizations \(treasury.gov\)](#)

Obstacles Noted

- ❑ IRS relies heavily on referrals to identify abusive schemes
 - Return information alone does not always identify; more return info not the answer
 - Referrals do not always lead to productive cases
- ❑ IRS conducts comparatively few EO exams
 - .13 percent of FY 2019 returns (.64% corporations; .44% individuals)

Examination comparisons



Obstacles Noted

- ❑ Exams of churches and certain other religious organizations have challenges
- ❑ Case Identification can be improved
 - Many selected cases were not productive
 - Taking steps to track issue-specific exam results
 - No recognition of specific employee contributions to compliance strategies

Did note examiners followed procedure and obtained sufficient information to detect EO noncompliance

Now back to the TE/GE FY2020 Accomplishments Report

Determinations

Source: Publication 5379 (Rev. 1-2021)

Figure 3: EO Determination Receipts

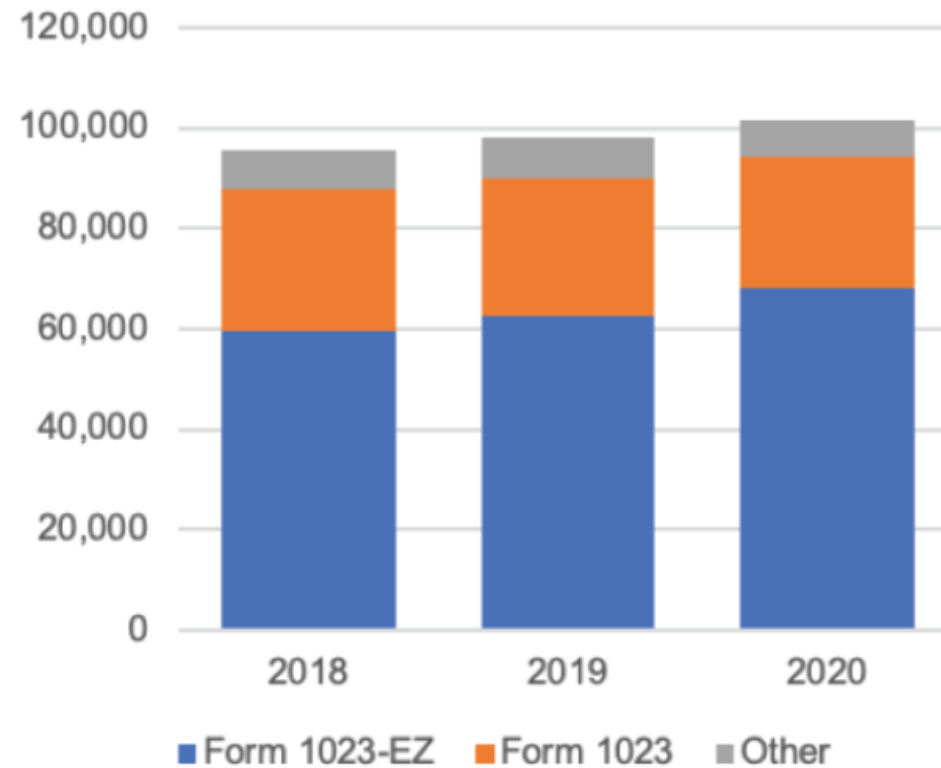
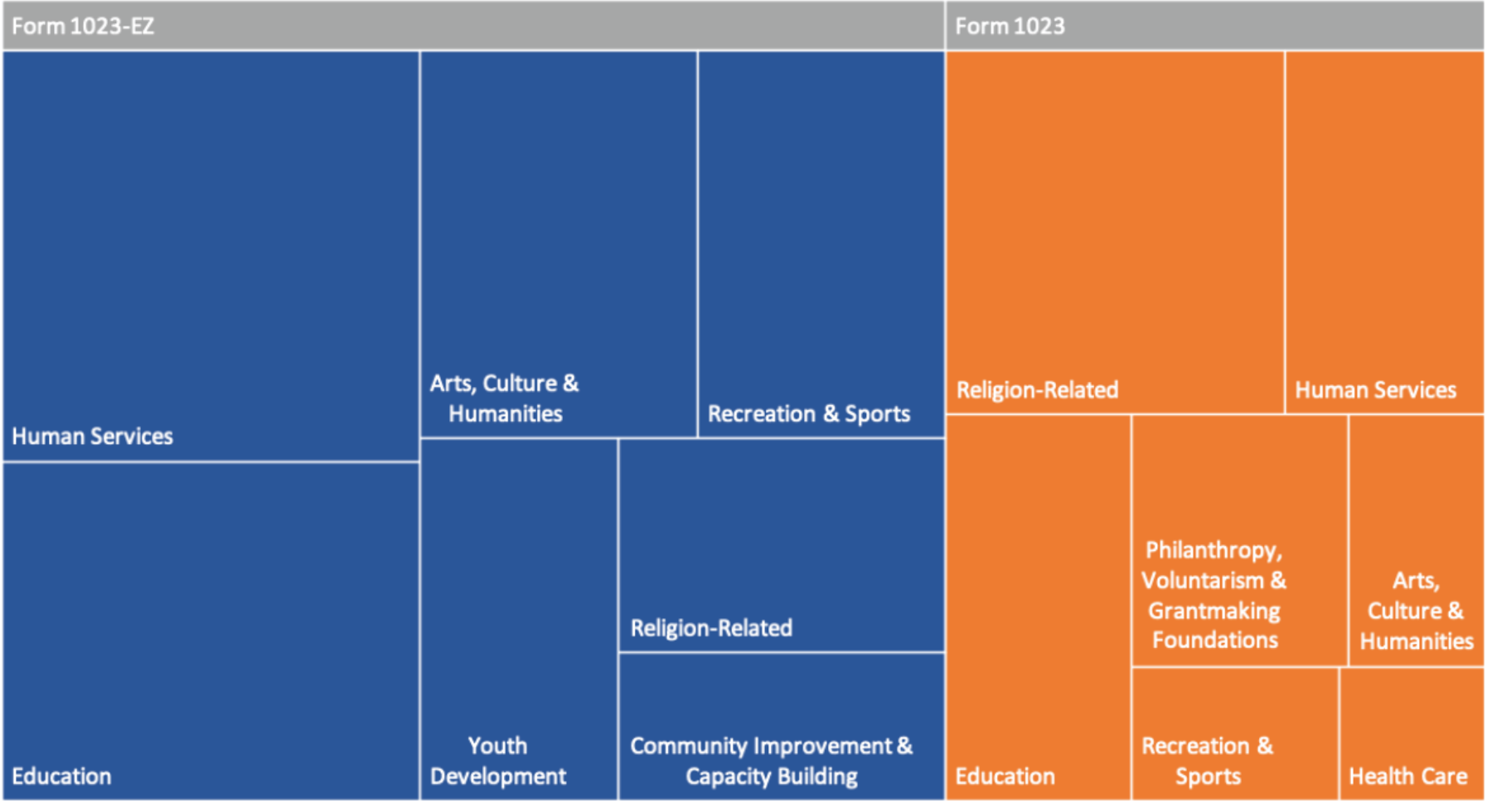


Figure 4: Taxonomy of 501(c)(3) Organizations Approved in FY20



**IRS TE/GE Fiscal Year 2021 Program Letter
Publication 5313 (Rev. 9-2020)**

TE/GE Priorities for FY2021

Strengthen	Strengthen Compliance Activities
Improve	Improve Operational Effectiveness
Maintain	Maintain a Taxpayer-Focused Organization
Ensure	Ensure Awareness and Collective Understanding
Leverage	Leverage Technology and Data Analytics
Develop	Develop Our Workforce

Passcode #2

Current State of the IRS

Taxpayer Advocate Service

- ❑ Independent Organization within the IRS to help resolve taxpayer problems and recommend changes
<https://www.taxpayeradvocate.irs.gov/about-us/>
- ❑ National Taxpayer Advocate (NTA)- Erin M. Collins
- ❑ <https://www.taxpayeradvocate.irs.gov/contact-us/taxpayer-advocate-service-subscription/>

June 2021 report to Congress

- ❑ IRC requires NTA to submit two annual reports to the House Committee on Ways and Means and the Senate Committee on Finance
- ❑ <https://www.taxpayeradvocate.irs.gov/reports/2022-objectives-report-to-congress/full-report/>

Highlights of June 2021 Report

- ❑ Processed 136 million individual income tax returns and issued 96 million refunds during the 2021 filing season
- ❑ Issued 3 rounds of stimulus payments/other financial relief programs
- ❑ Finished the filing season with a historic 35 million tax returns awaiting manual review
- ❑ Toll-free “1040” line logged 85 million calls; only 3% reached a customer service representative
- ❑ End of FY 2020, of 81,115 employees, approximately 21% eligible to retire now with another 5% additionally eligible in FY 2021

NTA Recommendations

1

Prioritize the development of accessible, robust online accounts

2

Expand customer callback technology for all IRS toll-free lines

3

Expand digital acceptance and transmission of documents and digital signatures

4

Offer videoconferencing options to taxpayers

COVID/ Funding EO Impacts on the IRS

- ❑ Reduced personnel assigned to processing mail resulting in significantly longer response times
- ❑ Computers keep working at the same rate, resulting in notices for items already addressed but unprocessed in the mail queue
- ❑ IRS Business Master File updates are delayed; backlog and workload likely have led to more mistakes
- ❑ Reduced personnel assigned to phone lines, resulting in significantly longer response times if a response happens at all

IRS Recommendations

- ❑ Be patient and allow the process to play out
- ❑ If had an erroneous revocation (**and only this issue**) use 855-247-6123 fax number
- ❑ Other issues can be directed to help desk 866.255.0654 or TE/GE account services 877.829.5500
- ❑ Extreme case: Reach out to Taxpayer Advocate Service

Advocacy efforts

- ❑ AICPA working to introduce an IRS Service & Penalty Relief bill
New registrations: www.aicpastore.com/townhallseries
Listen on Apple Podcast, Google Podcasts, Spotify;
#AICPATownHall Twitter LinkedIn
- ❑ TEGE Exempt Organization Council
(<https://www.eocouncil.org/>) TIC TAQ Forum/Comments
Committee Submission
 - <https://www.eocouncil.org/tic-taqcomments-submission.html>

What can
you do?

- ❑ Consider contacting your Congressional representative about how these IRS issues are impacting your organization

Passcode #3

Stretch Break!



2020 Form 990 and 2020 Form 990-T

What's New with the 2020 Form 990?

- ❑ Form 1099-NEC and nonemployee compensation Reporting
- ❑ Mandatory electronic filing by all exempt organizations
 - IRS Officials say no exceptions at this point; software providers not always aligned
 - Issues with short period returns, name changes, foreign filing attachments
 - Form 8868 extensions strongly encouraged to be e-filed

Other 2020 Form 990 & Related Schedules Items of Note

- ❑ Instructions define and explain procedures for adopting a new method of accounting and when need IRS consent
- ❑ Instructions address PPP loan matters—subsequent slides
- ❑ Schedule B-reflect final regulations that exempt all filers other than IRC Section 501(c)(3) and Section 527 organizations from having to report contributors' names, addresses, other identifying information
- ❑ Other minor clarifications and updates

What's new with 2020 Form 990-PF?

- ❑ Mandatory electronic filing by all exempt organizations
- ❑ PPP loan instructions—see later slides
- ❑ Changes to form and instructions due to the Taxpayer Certainty and Disaster Tax Relief Act reduction in the net investment tax; now a flat 1.39%

2020 Form 990-PF

Part I, line 8 3

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income			
SECTION 4940(e) REPEALED ON DECEMBER 20, 2019 – DO NOT COMPLETE.			
1	Reserved		
	(a) Reserved	(b) Reserved	(d) Reserved
	Reserved		
	Reserved		
	Reserved		
	Reserved		
	Reserved		
2	Reserved	2	
3	Reserved	3	
4	Reserved	4	
5	Reserved	5	
6	Reserved	6	
7	Reserved	7	
8	Reserved	8	

Form **990-PF** (2020)

PPP Loans & ERC credits

- How do I reflect these transactions on 2020 Form 990?

2020 Form 990 Instructions



The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the Paycheck Protection Program (PPP) to provide loans to small businesses as a direct incentive to keep their workers on the payroll. The loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Amounts of PPP loans that are forgiven may be reported on line 1e as contributions from a governmental unit in the tax year that the amounts are forgiven.

2020 Form 990 Schedule A Part II instructions and Part III instructions



The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the Paycheck Protection Program (PPP) to provide loans to small businesses as a direct incentive to keep their workers on the payroll. The loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Amounts of PPP loans that are forgiven may be reported on line 1 as contributions from a governmental unit in the tax year when the amounts are forgiven.

2020 Form 990 Schedule A, Part II

Schedule A (Form 990 or 990-EZ) 2020

Page **2**

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . .						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

2020 Form 990 Schedule A, Part III

Schedule A (Form 990 or 990-EZ) 2020

Page **3**

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						



PPP Loans

- ❑ Loan or Refundable Advance at Year End: Balance Sheet (Part X)
- ❑ No difference from GAAP AFS

	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D		25	
	26	Total liabilities. Add lines 17 through 25		26	

PPP Loans

- ❑ Recognized as federal grant revenue in same year as SBA forgiveness received: Part VIII, Statement of Revenue
- ❑ No difference from GAAP AFS

Form 990 (2020) Page **9**

Part VIII **Statement of Revenue**
Check if Schedule O contains a response or note to any line in this Part VIII

		(A)	(B)	(C)	(D)
		Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e			
	f All other contributions, gifts, grants, and similar amounts not included above	1f			
	g Noncash contributions included in lines 1a-1f	1g \$			
	h Total. Add lines 1a-1f	▶			

PPP Loans

- ❑ Recognized as federal grant revenue in tax year but no formal SBA forgiveness at end of tax year
- ❑ Difference from GAAP AFS

PPP GAAP revenue this tax year but forgiveness next tax year

Form 990 (2020) Page **9**

Part VIII Statement of Revenue
Check if Schedule O contains a response or note to any line in this Part VIII

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d			
	e	Government grants (contributions)	1e	REDUCE		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f			
	g	Noncash contributions included in lines 1a-1f	1g	\$		
	h	Total. Add lines 1a-1f				

Form 990 (2020) Page **12**

Part XI Reconciliation of Net Assets
Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	
2	Total expenses (must equal Part IX, column (A), line 25)	2	
3	Revenue less expenses. Subtract line 2 from line 1	3	
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B)) = GAAP net assets at year end	10	

PPP revenue and forgiveness different years

- Differing practitioner opinions on this presentation
- Does the IRS really care?

What if chose loan accounting and forgiven this tax year? Choose A or B

OPTION A

OPTION B

Form 990 (2020) Page **12**

Part XI Reconciliation of Net Assets
 Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	
2	Total expenses (must equal Part IX, column (A), line 25)	2	
3	Revenue less expenses. Subtract line 2 from line 1	3	
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	

Form 990 (2020) Page **9**

Part VIII Statement of Revenue
 Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e			
	f All other contributions, gifts, grants, and similar amounts not included above	1f			
	g Noncash contributions included in lines 1a-1f	1g \$			
	h Total. Add lines 1a-1f				

Passcode #4

Employee Retention Credit Presentation

- ❑ No current IRS guidance for Form 990
- ❑ Non-authoritative current AICPA advice:
 - GAAP presentation is gross (based on discussions with FASB staff and general guidance on gross vs. net—see ASC 958-220-45)
 - Follow same for Form 990 (transparency, consistency)
 - See AICPA NFP Section for detailed resources
 - <https://future.aicpa.org/topic/not-for-profit>
- ❑ How impact ERC eligibility for future quarters?

What's New with the 2020 Form 990-T?

- ❑ Mandatory Electronic Filing
 - 2020 Form 990-T due date on or after April 15, 2021 must electronically file; no exceptions or waivers
 - Limited exception applies for paper filed with postmark on or before March 15, 2021
 - Not all software providers are able to efile 990-Ts yet
 - Foreign filings and other attachments still an issue

What's New with the 2020 Form 990-T?

- ❑ Updated Format-new page 1 and 2
 - Lines A through L of identifying and other information
 - Part I, Total Unrelated Business Taxable Income (pulling from each respective Schedule A)
 - Part II, Tax Computation
 - Part III, Tax and Payments
 - Part IV, Statements Regarding Certain Activities and Other Information
 - Part V, Supplemental Information
 - Signature block

2020 Form 990-T page 1

Form 990-T Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

OMB No. 1545-0047
2020

For calendar year 2020 or other tax year beginning _____, 2020, and ending _____, 20____

Department of the Treasury Internal Revenue Service
Go to www.irs.gov/Form990T for instructions and the latest information.
Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

A Check box if address changed.

B Exempt under section
 501(c) () ()
 408(e) 220(e)
 408A 530(a)
 529(a) 529A

C Book value of all assets at end of year _____

D Employer identification number _____

E Group exemption number (see instructions) _____

F Check box if an amended return.

G Check organization type 501(c) corporation 501(c) trust 401(a) trust Other trust Applicable reinsurance entity

H Check if filing only to Claim credit from Form 9941 Claim a refund shown on Form 2439

I Check if a 501(c)(3) organization filing a consolidated return with a 501(c)(2) titleholding corporation

J Enter the number of attached Schedules A (Form 990-T) _____

K During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
If "Yes," enter the name and identifying number of the parent corporation _____

L The books are in care of _____ Telephone number _____

Part I Total Unrelated Business Taxable Income

1	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions)	1	
2	Reserved	2	
3	Add lines 1 and 2	3	
4	Charitable contributions (see instructions for limitation rules)	4	
5	Total unrelated business taxable income before net operating losses. Subtract line 4 from line 3	5	
6	Deduction for net operating loss. See instructions	6	
7	Total of unrelated business taxable income before specific deduction and section 199A deduction. Subtract line 6 from line 5	7	
8	Specific deduction (generally \$1,000, but see instructions for exceptions)	8	
9	Trusts. Section 199A deduction. See instructions	9	
10	Total deductions. Add lines 8 and 9	10	
11	Unrelated business taxable income. Subtract line 10 from line 7. If line 10 is greater than line 7, enter zero	11	

Part II Tax Computation

1	Organizations taxable as corporations. Multiply Part I, line 11 by 21% (0.21)	1	
2	Trusts taxable at trust rates. See instructions for tax computation. Income tax on the amount on Part I, line 11 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	2	
3	Proxy tax. See instructions	3	
4	Other tax amounts. See instructions	4	
5	Alternative minimum tax (trusts only)	5	
6	Tax on noncompliant facility income. See instructions	6	
7	Total. Add lines 3 through 6 to line 1 or 2, whichever applies	7	

For Paperwork Reduction Act Notice, see instructions. Cat. No. 11291J Form 990-T (2020)

2020 Form 990-T Page 2

Part III Tax and Payments		
1a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	1a	
b Other credits (see instructions)	1b	
c General business credit. Attach Form 3800 (see instructions)	1c	
d Credit for prior year minimum tax (attach Form 8801 or 8827)	1d	
e Total credits. Add lines 1a through 1d		1e
2 Subtract line 1e from Part II, line 7		2
3 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input checked="" type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8097 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach statement)		3
4 Total tax. Add lines 2 and 3 (see instructions). <input type="checkbox"/> Check if includes tax previously deferred under section 1294. Enter tax amount here		4
5 2020 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 4		5
6a Payments: A 2019 overpayment credited to 2020	6a	
b 2020 estimated tax payments. Check if section 643(g) election applies <input type="checkbox"/>	6b	
c Tax deposited with Form 8868	6c	
d Foreign organizations: Tax paid or withheld at source (see instructions)	6d	
e Backup withholding (see instructions)	6e	
f Credit for small employer health insurance premiums (attach Form 8941)	6f	
g Other credits, adjustments, and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total	6g	
7 Total payments. Add lines 6a through 6g		7
8 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>		8
9 Tax due. If line 7 is smaller than the total of lines 4, 5, and 8, enter amount owed		9
10 Overpayment. If line 7 is larger than the total of lines 4, 5, and 8, enter amount overpaid		10
11 Enter the amount of line 10 you want: Credited to 2021 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		11
Part IV Statements Regarding Certain Activities and Other Information (see instructions)		
1 At any time during the 2020 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If "Yes," the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country here	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the organization may have to file.	Yes	No
3 Enter the amount of tax-exempt interest received or accrued during the tax year	\$	
4a Did the organization change its method of accounting? (see instructions)	Yes	No
b If 4a is "Yes," has the organization described the change on Form 990, 990-EZ, 990-PF, or Form 1128? If "No," explain in Part V	Yes	No
Part V Supplemental Information		
Provide the explanation required by Part IV, line 4b. Also, provide any other additional information. See instructions.		
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Sign Here	Signature of officer	Date
		Title
	May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No	

2020 Form 990, Schedule A

- ❑ Four-page form for each activity
 - Lines A through E of identifying information
 - Part I, Unrelated Trade or Business Income
 - Part II, Deductions Not Taken Elsewhere
 - Parts III-IX relating to specific types of activities
 - Part X, Compensation of Officers, Directors, and Trustees
 - Part XI, Supplemental Information

2020 Form 990, Schedule A page 1

SCHEDULE A (Form 990-T)		Unrelated Business Taxable Income From an Unrelated Trade or Business		OMB No. 1545-0047
Department of the Treasury Internal Revenue Service		Go to www.irs.gov/Form990 for instructions and the latest information. Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).		2020 Open to Public Inspection for 501(c)(3) Organizations Only
A Name of the organization		B Employer identification number		
C Unrelated business activity code (see instructions)		D Sequence: _____ of _____		
E Describe the unrelated trade or business				
Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales			
b	Less returns and allowances			
	c Balance	1c		
2	Cost of goods sold (Part III, line II)	2		
3	Gross profit. Subtract line 2 from line 1c	3		
4a	Capital gain net income (attach Sch D (Form 1041 or Form 1120)) (see instructions)	4a		
b	Net gain (loss) (Form 4797) (attach Form 4797) (see instructions)	4b		
c	Capital loss deduction for trusts	4c		
5	Income (loss) from a partnership or an S corporation (attach statement)	5		
6	Rent income (Part IV)	6		
7	Unrelated debt-financed income (Part V)	7		
8	Interest, annuities, royalties, and rents from a controlled organization (Part VI)	8		
9	Investment income of section 501(c)(7), (9), or (17) organizations (Part VII)	9		
10	Exploited exempt activity income (Part VIII)	10		
11	Advertising income (Part IX)	11		
12	Other income (see instructions; attach statement)	12		
13	Total. Combine lines 3 through 12	13		
Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions) Deductions must be directly connected with the unrelated business income				
1	Compensation of officers, directors, and trustees (Part X)			1
2	Salaries and wages			2
3	Repairs and maintenance			3
4	Bad debts			4
5	Interest (attach statement) (see instructions)			5
6	Taxes and licenses			6
7	Depreciation (attach Form 4562) (see instructions)	7		
8	Less depreciation claimed in Part III and elsewhere on return	8a		8b
9	Depletion			9
10	Contributions to deferred compensation plans			10
11	Employee benefit programs			11
12	Excess exempt expenses (Part VIII)			12
13	Excess readership costs (Part IX)			13
14	Other deductions (attach statement)			14
15	Total deductions. Add lines 1 through 14			15
16	Unrelated business income before net operating loss deduction. Subtract line 15 from Part I, line 13, column (C)			16
17	Deduction for net operating loss (see instructions)			17
18	Unrelated business taxable income. Subtract line 17 from line 16			18

What's New with the 2020 Form 990-T?

- ❑ Portion of tax credits for FFCRA allocable to an unrelated trade or business must be included in gross income; report as income on line 12 (Other Income) of respective Schedule A
- ❑ Any qualified wages for which an eligible employer claims against payroll taxes for the new employee retention credit may not be taken into account for purposes of determining other credits
- ❑ Temporary allowance of 100% deduction for certain business meal expenses paid or incurred in 2021 and 2022
- ❑ Reminder: CARES Act net operating loss (NOL) carryback

What's New with the 2020 Form 990-T?

- ❑ Schedule A-Item C requires unrelated business activities to be classified using the appropriate 2-digit NAICS code followed by 4 zeros (workaround until IRS programming is updated from 6 digit NAICS codes to 2 digit)

Passcode #5

Other Current EO Matters of Note

SCOTUS Opinion *Americans for Prosperity Foundation v. Bonta*

- ❑ Charitable solicitation registration in California required fully unredacted Schedule B
- ❑ 2 tax-exempt charities filed public disclosure copies instead; no enforcement action until 2010; AG threatened suspension of registration/fines; charities sued challenging the constitutionality of the disclosure requirement on its face and as applied to them; alleged violation of the First Amendment rights of organizations and donors

SCOTUS Opinion *Americans for Prosperity Foundation v. Bonta*

- ❑ Court concluded California's disclosure requirement invalid; burdened donor First Amendment rights (disclosure requirements can chill association) and not narrowly tailored to an important government interest
- ❑ Amount of sensitive information collected through Schedule Bs did not form an integral part of the state's fraud detection efforts and state was unable to ensure the confidentiality of donor information

Other Things to Keep an Eye On.....

❑ Initiative to Accelerate Charitable Giving

- Close payout requirement loopholes; incentivize greater payouts by private foundations
- Adopt measures to make sure DAF accounts are distributed within a reasonable period of time
- Expand and extend new non-itemizer charitable deduction

❑ Treasury is due to come out with DAF regulations “soon”

Other Things to Keep an Eye On....

- ❑ Group ruling proposed regulations; working on comments generated by [Notice 2020-36](#)
 - No new group exemption letter requests until publication of final procedure or other guidance
- ❑ Major new tax legislation passed during FY21???

AICPA Tax Advocacy letters

□ <https://www.aicpa.org/advocacy/tax/2021taxadvocacycommentletters.html>

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2021 Tax Policy & Advocacy Comment Letters

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June 30, 2021 - [AICPA Comment Letter on Tax Deadline Simplification Act](#)
The AICPA supports changing the due dates for the second and third quarter estimated federal income tax payments to have all quarterly payments due 15 days after the end of the quarter.

May 25, 2021 - [AICPA Comments on Changes to Simplify and Improve the AAR Process Under the Centralized Partnership Audit Regime and Proposed "AAR-EZ" Process Framework](#)
The AICPA is pleased to submit comments proposing an "AAR-EZ" process framework to simplify and improve the AAR process under the centralized partnership audit regime passed as part of the Bipartisan Budget Act of 2015.

May 24, 2021 - [AICPA Recommendations for the 2021-2022 Guidance Priority List \(Notice 2021-28\)](#)
AICPA offers our suggestions regarding the 2021-2022 Guidance Priority List.

May 17, 2021 - [AICPA Comments on Additional Penalty Relief](#)
AICPA comment letter on additional penalty relief. All taxpayers, regardless of their economic standing, deserve penalty relief measures that are fair to alleviate the current struggles with COVID.

May 11, 2021 - [AICPA Comments on Proposals re: IRS Regulation of Paid Tax Return Preparers](#)
AICPA provides recommendations on the regulation of paid tax return preparers.

May 5, 2021 - [AICPA International Tax Legislative Proposals – Simplification and Technical Proposals](#)
The AICPA actively pursues and publishes positions on a number of legislative proposals. This submission includes items focused on improving international tax administration and effectively promoting important policy objectives.

Subscribe to Exempt Organization Update

□ <https://www.irs.gov/charities-non-profits/subscribe-to-exempt-organization-update>

The screenshot shows the IRS website page for subscribing to the Exempt Organization Update. The page title is "Subscribe to Exempt Organization Update". The navigation menu includes "File", "Pay", "Refunds", "Credits & Deductions", and "Forms & Instructions". The main content area is titled "Subscribe to Exempt Organization Update" and includes a "Charities and Nonprofits" sidebar with links for "Exempt Organization Types" and "Lifecycle of an Exempt Organization". The main text explains that the EO Update is a free e-Newsletter from the IRS Exempt Organizations office, providing information on tax policy, services, and information important to tax-exempt organizations. It lists several topics covered by the newsletter, including news releases, new forms, guidance, and upcoming IRS training and outreach events. A "Subscribe/Unsubscribe" link is provided at the bottom of the main text.



Passcode #6

Questions? Contact Me

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