

June 26, 2018

Bill Introduced to Repeal Unrelated Business Income Tax Rules for Exempt Organizations

[HEALTH CARE](#), [HIGHER EDUCATION](#), [NOT-FOR-PROFIT](#), [TAX](#)

BY [ELENA FAURIE](#)

SHARE WITH A COLLEAGUE



DOWNLOAD PDF



On June 7, Rep. K. Michael Conaway, R-Texas, introduced H.R. 6037, the Nonprofits Support Act that seeks to repeal two unrelated business income provisions enacted as part of the 2017 Tax Cuts and Jobs Act (TCJA). The bill consists of two sections: the first would repeal the requirement that unrelated business income must be calculated separately for each trade or business activity, while the second would repeal the increase of unrelated business income by certain disallowed fringe benefits. The bill has been referred to the House Committee on Ways and Means.

Separate Computation of Income

The U.S. tax reform of 2017 resulted in changes for tax-exempt organizations that affect how much an organization engaged in unrelated business activities must pay in taxes, and possibly how the organization will be required to keep track of those activities.

Under the TCJA, a new section was added to the Internal Revenue Code that requires exempt organizations that have unrelated business income to report each activity separately. This means the organization will no longer be permitted to offset income from one activity with expenses of another, a change that will result in many organizations now having a tax liability for those activities generating net income.

The IRS has not yet provided guidance as to how to identify a separate trade or business; the Nonprofits Support Act would repeal the requirement to separately compute income for each trade or business.

Inclusion of Disallowed Fringe Benefits

The TCJA also added a provision that requires exempt organizations to treat certain fringe benefits like employer-provided parking and transit passes as unrelated business taxable income unless the organization treats the benefit as taxable compensation to the employee. The Nonprofits Support Act would also repeal this requirement.

Schneider Downs continues to monitor current developments concerning tax issues affecting exempt organizations. Please contact your Schneider Downs representative with any questions.

SHARE





You've heard our thoughts... We'd like to hear yours

The Schneider Downs Our Thoughts On blog exists to create a dialogue on issues that are important to organizations and individuals. While we enjoy sharing our ideas and insights, we're especially interested in what you may have to say. If you have a question or a comment about this article – or any article from the Our Thoughts On blog – we hope you'll share it with us. After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at contactSD@schneiderdowns.com.

Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

© 2019 Schneider Downs. All rights-reserved. All content on this site is property of Schneider Downs unless otherwise noted and should not be used without [written permission](#).

OUR THOUGHTS ON

[DATA ANALYTICS, HEALTH CARE](#) BY [JAMES PAPIANO](#)

9.10.2019

How Predictive Analytics Can Yield Superior Patient Care for Healthcare Providers

[READ MORE >](#)

Register to receive our weekly newsletter with our most recent columns and insights.

[SUBSCRIBE FOR UPDATES](#)

MOST RECENT

Department of Labor Announces Rule to Strengthen Retirement Security for Millions Employed in Small and Mid-Sized Businesses

ERISA
BY DONNA WOLFSON | 9.10.2019

Citing a 2018 report by the U.S. Bureau of Labor Statistics that approximately 38 million private sector employees in the United States lack access to ...

[READ MORE](#)

MOST POPULAR

Tax Treatment of Deferred Revenue in a Taxable Stock Acquisition

MERGERS AND ACQUISITIONS, TAX
BY GARY SLIMAN | 6.1.2016

The general rule under Internal Revenue Code §451 is that an item of income shall be included in gross income for the taxable year or receipt unless ...

[READ MORE](#)



Have a question? Ask us!

We'd love to hear from you. Drop us a note, and we'll respond to you as quickly as possible.

[ASK US](#)

[CONTACT US](#)



PITTSBURGH

One PPG Place, Suite 1700
Pittsburgh, PA 15222

contactsd@schneiderdowns.com
p:412.261.3644 f:412.261.4876



COLUMBUS

65 East State Street, Suite 2000
Columbus, OH 43215

contactsd@schneiderdowns.com
p:614.621.4060 f:614.621.4062



WASHINGTON, D.C.

1660 International Drive, Suite 600
McLean, VA 22102

contactsd@schneiderdowns.com
p:571.380.9003



An Association of
Independent Accounting Firms

FOLLOW US



CLIENT PORTAL



SUBSCRIBE FOR UPDATES

E-mail

SUBMIT



[PRIVACY POLICY](#)

LEGAL INFORMATION

SITE MAP

Schneider Downs is a Top 60 independent Certified Public Accounting (CPA) firm providing accounting, tax, audit and business advisory services to public and private companies, not-for-profit organizations and global companies. We also offer Internal Audit; Technology Consulting; Software Solutions; Personal Financial Services; Retirement Plan Solutions and Corporate Finance Services. Schneider Downs is the 13th largest accounting firm in the Mid-Atlantic region and serves individuals and companies in Pennsylvania (PA), Ohio (OH), West Virginia (WV), New York (NY), Maryland (MD), and additional states in the United States with offices in Pittsburgh, PA and Columbus, OH.

© 2019 Schneider Downs & Co., Inc. Maryland license number 35239