2016 ANNUAL TAX UPDATE FOR NONPROFIT ORGANIZATIONS

Thursday, October 27, 2016
Today’s presenters

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2016 ANNUAL TAX UPDATE FOR NONPROFIT ORGANIZATIONS

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After completing this session, you should be able to:

- Recognize recent tax guidance and reporting pronouncements that directly affect the charitable, education and health care sectors
- Understand the current regulatory environment from a federal, state and international perspective
- Plan for future changes that will affect your organization
Agenda

• Challenges at the IRS
• IRS Audit Focus Areas
• Tax Developments – Current and Proposed
• Tax Reform Discussion Items – Continuing……
• Stories from the Front
Challenges at the IRS

• Get transcript data breach – On August 17, 2015, the IRS reported approximately 390,000 taxpayer accounts were targeted by suspicious e-mail addresses and for about 220,000 of these accounts, potentially unauthorized individuals successfully gained access and viewed taxpayers personal information

• On June 9, 2016, TIGTA (Treasury Inspector General for Tax Administration) reported an additional 621,000 taxpayer accounts not previously reported were targeted by suspicious e-mail addresses and for about 362,000 of these accounts, potentially unauthorized individuals successfully gained access and viewed taxpayers information
## Challenges at the IRS

IRS service levels – Toll-free filing season telephone statistics for fiscal years 2013-2016 (as of March 5, 2016)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Assistor calls answered</td>
<td>8,183,476</td>
</tr>
<tr>
<td>Level of service</td>
<td>67.9%</td>
</tr>
<tr>
<td>Average speed of answer (minutes)</td>
<td>14.1</td>
</tr>
</tbody>
</table>
Challenges at the IRS

AICPA member satisfaction with IRS service, 2015-2016

Source: AICPA
Polling Question #2

• Even though it has been a challenge dealing with the EO division at the IRS, AICPA members for 2016:
  
  • A) Have an improved perception related to IRS services
  • B) Show more of a disapproval rating in 2016 than in 2015 related to IRS services
  • C) Are basically neutral related to any perceived service in 2016
  • D) Generally speaking still quite a few persons hold a neutral or negative view of IRS service
  • E) Answers A and D

• Answer = E
Challenges at the IRS

What change at the IRS would make the biggest impact on your practice?

- Technical assistance: 36%
- Expedient issuance of forms, guidance: 2%
- Efficient use of e-services & other technology: 19%
- Timely answer to calls: 33%
- Other: 2%

Source: AICPA
Challenges at the IRS

Fraudulent refund returns

<table>
<thead>
<tr>
<th>Processing Year</th>
<th>Fraudulent refund returns identified</th>
<th>Fraudulent refund returns stopped</th>
<th>Fraudulent refunds identified</th>
<th>Fraudulent refunds stopped</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,556,935</td>
<td>2,360,180</td>
<td>$16,456,632,993</td>
<td>$15,690,434,978</td>
</tr>
<tr>
<td>2014</td>
<td>2,180,613</td>
<td>2,066,394</td>
<td>$15,724,424,102</td>
<td>$15,209,859,119</td>
</tr>
<tr>
<td>2015</td>
<td>1,811,354</td>
<td>1,646,155</td>
<td>$12,639,252,837</td>
<td>$11,429,842,002</td>
</tr>
<tr>
<td>2016*</td>
<td>328,908</td>
<td>?</td>
<td>?</td>
<td>$1,400,000,000</td>
</tr>
</tbody>
</table>

*Through March 3, 2016
## Screening of prisoner tax returns

<table>
<thead>
<tr>
<th>Processing Year</th>
<th>Fraudulent refunds identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>36,801</td>
</tr>
<tr>
<td>2015</td>
<td>26,797</td>
</tr>
<tr>
<td>2016*</td>
<td>20,224</td>
</tr>
</tbody>
</table>

*Through March 3, 2016*
Challenges at the IRS

Combating refund fraud – what to expect in 2017

1. W-2’s will be due to the Social Security Administration by January 31st – paper & electronic (PATH ACT change)

2. Returns claiming the earned income tax credit (EITC) and additional child tax credit (ACTC) resulting in a refund will be delayed for processing until February 15th

3. Some states are requiring drivers license numbers on tax returns now

4. The IRS is considering truncating social security numbers on W-2’s
Challenges at the IRS

It’s Phishing Season – Protecting Your Crown Jewels – W-2’s, Donor, Patient & Student information

The Scams (the ones we know about)
1. Impersonating IRS & other government officials
2. Impersonating the CEO or CFO
3. Impersonating a law enforcement officer and accusing taxpayers with imminent arrest.
4. Obtaining remote control of tax preparers computers
5. Paying tax liabilities on prepaid credit/debit cards such as Apple ITunes, Green Dot, MoneyPak or ReLoad It, non-bank wire transfers such as Western Union or Moneygram, or bank wire transfers
6. The large charitable contribution made by mistake
7. Federal Student Tax
Challenges at the IRS

IRS Budget for FYE 2017

• On May 25, 2016, the House Appropriations Subcommittee approved the 2017 spending bill that would cut the FY 2017 IRS Budget by $236 million and would be $1.3 billion below the amount the White House requested.

• The bill provides for $10.9 billion which is below the approved 2008 level. On June 15, 2016, the Senate Appropriations Subcommittee approved $11.2 for the IRS for FY 2017.
Audit rate for tax-exempt organizations:

- The IRS received 787,339 returns from tax-exempt organizations in calendar year 2014 and examined 6,392 tax exempt entities and related organizations in fiscal year 2015.

- What we are seeing right now in the market, group return audits, focus on compensation again as we have warned in the previous 10 years of tax updates.

- Officers reported on a Form 990 with NO 941’s for that exempt on record (low hanging fruit focus now).

- IRS is adamant about officers being reported on only a W-2 period (bifurcation of payments, Off. vs. Dir. Services issue).
IRS focus areas

What will the focus be from the IRS in the future?

1. Data analytics from Form 990 data will drive audits in the future. The IRS can merge 150 queries into one query. These queries were tested in 2014 and 2015 with an overall change rate of 90% of cases selected.

   1. This is low hanging fruit and IRS recognizes that this is THE major GAP in the tax GAP, which is projected at $380,000,000,000 so they go after it vigorously.
      1. Some agents have actually stated in interviews with taxpayers that they need to bring something to their manager
      2. This does not result in technical arguments being made against such “Internal Requests to “get something to go away”………..

3. Unrelated Business Income Tax (UBIT)
IRS focus areas

What will the focus be from the IRS in the future?

4. F = Foreign
   a. Payments to Foreign corporations
   b. FBAR – Foreign Bank and Financial Accounts
   c. FACTA – Foreign Account Tax Compliance Act
   d. Foreign Owned Disregarded Entities Subject to US Reporting

5. Political activity by exempt organizations – more to come

Education + Enforcement = Compliance
Tax developments – current and proposed

IRS: Continuing issues:

1. Donor disclosure issues – Form 990, contribution receipts & Koch Brothers California case
   1. Pending legislation related to NOT disclosing any contributor information

2. Dual use facility expense rules expected to be released in 2016

3. IMPORTANT WITH A FEW DAYS LEFT: Election year issues – do’s and don’ts – see our whitepaper

4. Machine readable Forms 990 now available
## IRS & State News

### 6. Due dates for tax returns changing

<table>
<thead>
<tr>
<th>Return Type</th>
<th>Form Year 2015 Original and Extended Due Date</th>
<th>Form Year 2016 Original and Extended Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FinCEN Report 114</strong></td>
<td>June 30</td>
<td>April 15, October 15</td>
</tr>
<tr>
<td><strong>Exempt Organizations Form 990</strong></td>
<td>May 15, August 15, November 15</td>
<td>May 15, November 15</td>
</tr>
<tr>
<td><strong>Trust and Estate Form 1041</strong></td>
<td>April 15, September 15</td>
<td>April 15, September 30</td>
</tr>
<tr>
<td><strong>Partnership Form 1065</strong></td>
<td>April 15, September 15</td>
<td>March 15, September 15</td>
</tr>
<tr>
<td><strong>Corporations Form 1120</strong></td>
<td>March 15, September 15</td>
<td>April 15, September 15</td>
</tr>
<tr>
<td><strong>Employee Benefit Plans Form 5500</strong></td>
<td>July 31, October 15</td>
<td>July 31, October 15 (NOTE!)</td>
</tr>
</tbody>
</table>
7. PATH ACT changes:
   a. Gift tax does not apply to contributions to 501(c)(4), 501(c)(5) or 501(c)(6) organizations
      1) However a caveat, that such are considered gifts for gift tax purposes? Waiting for guidance that is relevant.
   b. Permanent extensions
      1) Qualified conservation contributions – increased % limits and carry forward periods
      2) Tax free distributions from IRA’s for charitable purposes – up to $100,000
      3) Charitable deduction for contributions of food inventory
      4) Tax treatment of certain payments to controlling exempt organizations if contract existed on August 17, 2006
Tax developments – current and proposed

Colleges and universities

1. Form 1098-T reporting relaxed for 2016 only – Announcement 2016-17 (2015 legislation, to report only cash payment received).

2. Priority Guidance Plan – AICPA asks for Revenue Procedure 75-50 be updated regarding communication of a schools racially nondiscriminatory policy

3. Focus on private university endowment funds – Duke’s response (very heated)
Tax developments – current and proposed

Private foundations

1. Final regulations revise rules on grants to foreign charities (see our white paper – Public charity grant-making: Protecting tax-exempt status)

2. Final regulations issued on what constitutes a program related investment

Supporting Organizations

1. Proposed regulations issued to address responsiveness test
Tax reform discussion items

- Mandatory e-filing – $5,000 penalty for failures (currently no penalties, paper filed returns are just sent back)
- Double failure to timely file penalties 20/40 and 100/200 per day
- Certification of Form 990 (currently just a perjury statement)
- Manager level penalty up to $20,000 for failure to pay all UBIT due
- NOL limitation on utilization/separate accountings for each UBI trade or business activity
- Excise tax (25%) on excess compensation paid over $1M
Tax reform discussion items

• Taxation of all royalties and logo license arrangements
• Make sponsorship payments taxable (product lines mention taxable) (if two or less sponsors for an event) (no more exclusive sponsors)
• Excise tax of 1% on endowments over $100,000 per student for colleges and universities (trickle down effect potentially)
• Revision of Section 119 exclusion from income for housing
• Donor advised funds IRA rollover eligibility and transparency
• Foundation tax simplification
• Standard mileage rate
State charitable solicitation rules

• For more than 50 years, many states have required charities, fundraising consultants, professional solicitors, and/or commercial co-venturers to register with the state before conducting fundraising campaigns in which money is solicited from state residents.

• During the past 20 years, these states have become increasingly aggressive and more coordinated in their administration and enforcement of these laws.
State tax issues

- Currently 38 states and the District of Columbia generally require charities (often including both §501(c)(3) and §501(c)(4) organizations) to register before soliciting funds from state residents.
  - The charity must separately register with each state where it is soliciting, not only with its “home” state.
  - Unfortunately, none of the state laws is the same as any other (there is no uniform law), and although many rules (and exceptions) are generally true, often, specific questions may be resolved only by resort to the language of the particular state law.
The states requiring registration generally by charities that are soliciting in the state are:

<table>
<thead>
<tr>
<th>Alabama</th>
<th>Hawaii</th>
<th>Mississippi</th>
<th>Oregon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>Illinois</td>
<td>Missouri*</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Kansas</td>
<td>New Hampshire</td>
<td>Rhode Island</td>
</tr>
<tr>
<td>California</td>
<td>Kentucky</td>
<td>New Jersey</td>
<td>South Caroling</td>
</tr>
<tr>
<td>Colorado</td>
<td>Louisiana</td>
<td>New Mexico</td>
<td>Tennessee</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Maine</td>
<td>New York</td>
<td>Utah</td>
</tr>
<tr>
<td>D. C.</td>
<td>Maryland</td>
<td>North Carolina</td>
<td>Virginia</td>
</tr>
<tr>
<td>Florida</td>
<td>Massachusetts</td>
<td>North Dakota</td>
<td>Washington</td>
</tr>
<tr>
<td>Georgia</td>
<td>Michigan</td>
<td>Ohio</td>
<td>West Virginia</td>
</tr>
<tr>
<td>Minnesota</td>
<td>Oklahoma</td>
<td>Wisconsin</td>
<td></td>
</tr>
</tbody>
</table>
*Missouri’s registration requirement exempts all organizations that are exempt from federal income tax under Sec. 501(c)(3) of the Internal Revenue Code.
State tax issues

Except as noted below, the following 12 states do not require any Sec. 501(c)(3) charities to register or report merely because they solicit in state.

<table>
<thead>
<tr>
<th>Arizona*</th>
<th>Iowa</th>
<th>South Dakota</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>Montana</td>
<td>Texas***</td>
</tr>
<tr>
<td>Idaho</td>
<td>Nebraska</td>
<td>Vermont</td>
</tr>
<tr>
<td>Indiana</td>
<td>Nevada**</td>
<td>Wyoming</td>
</tr>
</tbody>
</table>
State tax issues

* Ariz. Rev. Stat Sec. 13-3722 prohibits solicitation on behalf of “American veterans unless the veterans' organization for which the person is soliciting money or other support files a registration statement with the secretary of state.”

**Effective 2013, Nevada enacted a registration statute that applies only to incorporated charities that are conducting intrastate business in Nevada. It has no exemption for churches or other religious organizations. Nev. Rev. Stat. Sec. 82.382 et seq. Nevada is likely to amend its law in 2015, to require registration by most charities soliciting contributions in Nevada.

***Texas requires only charities soliciting for the benefit of public safety personnel and veterans to register. Texas Occupations Code, Title 11, Chapters 1803 and 1804.
State tax issues

Sec. 501(c)(4) organizations

The following states require registration by Sec. 501(c)(4) organizations:

<table>
<thead>
<tr>
<th>Arkansas</th>
<th>Kansas</th>
<th>North Carolina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>Kentucky</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Massachusetts</td>
<td>South Carolina</td>
</tr>
<tr>
<td>Florida</td>
<td>Minnesota</td>
<td>Utah</td>
</tr>
<tr>
<td>Georgia</td>
<td>Missouri</td>
<td>Virginia</td>
</tr>
<tr>
<td>Hawaii</td>
<td>New Jersey</td>
<td>Washington</td>
</tr>
<tr>
<td>New York*</td>
<td>Wisconsin</td>
<td></td>
</tr>
</tbody>
</table>
The following states do not require Sec. 501(c)(4) organizations to register, provided that no part of their assets are reserved for charitable purposes. The corporate purposes should not include charitable, educational, social service, welfare, social welfare, or civic purposes.

<table>
<thead>
<tr>
<th>California</th>
<th>Mississippi</th>
<th>Ohio*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>New Hampshire</td>
<td>Oklahoma</td>
</tr>
<tr>
<td>Maine</td>
<td>New Mexico</td>
<td>Oregon</td>
</tr>
<tr>
<td>Maryland</td>
<td>North Dakota</td>
<td>Tennessee</td>
</tr>
<tr>
<td>Michigan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Ohio’s decisions appear to depend on the precise language of the corporate purposes*
State tax issues

• Every state’s registration statute includes exemptions for various classes of charities.
  – Among these are religious organizations; schools, colleges, and universities (and in many states, affiliates such as fundraising foundations and alumni associations); hospitals; and small charities that use only volunteers to solicit and whose gross receipts are relatively small.
  – The definition of each of these classes of exempt organizations, and the de minimis threshold varies in each state.
State tax issues

• Many charities engage with commercial partners in “cause-related marketing.”

• This can include public announcements of contributions by the business to the charity, including, e.g., financial sponsorship of events conducted by the charity; requests for customers to voluntarily contribute to the charity in addition to buying a product or service; and making a payment to the charity for each sale of a product or service.
Stories from the front

- Man to face charges after telling IRS perform certain actions on itself

- Sham cancer charities agree to $76M judgement and dissolution

- Ex-NBA player called for a foul in fraudulent use of charity

- Medical marijuana distributor application for tax exemption goes up in smoke
Foreign assets reporting

• Background
  − The United States taxes income of U.S. persons on a “worldwide” basis and U.S. persons are required to report on their worldwide activities

• FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)
  − Facilitates the reporting of U.S. person’s financial interests in or signatory authority over foreign financial accounts to the United States government.

• Who Must File the FBAR?
  − United States person,
  − Financial interest in or signature authority over,
  − Foreign financial accounts, and
  − Aggregate balance of the foreign financial account at any time in the year exceeded $10,000.
FBAR Due Date Changes for 2016 and Other Considerations

• When to file
  – The due date for the 2016 calendar year FBAR, due in 2017, and all subsequent calendar years will be April 15

• Where to file
  – The FBAR must be filed electronically through FinCEN's BSA E-Filing System
  – Not filed with a federal tax return

• Additional considerations
  – A six month filing extension will be permitted beginning with 2016 calendar FBARs filed in 2017
  – Penalty removal procedures for any taxpayer that is required to file an FBAR for the first time and has failed to file or to timely request an extension. Penalty removal is available beginning with the 2016 calendar year FBAR, due in 2017.
Overview of the OECD’s BEPS action plan on Permanent Establishment

• What is The Organization for Economic Co-operation and Development (OECD)?
  - The OECD is a forum in which governments work together to share experiences and seek solutions to common problems. They set international standards on a wide range of issues, including taxation. OECD.gov

• What is Base Erosion and Profit Shifting (BEPS)?
  - BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to make profits disappear’ for tax purposes or to shift profits to other locations resulting in little or no overall tax being paid. OECD.gov

• Why does Permanent Establishment (PE) matter?
  - Entities such as nonprofits can inadvertently create permanent establishments in foreign tax jurisdictions.
  - In general, income tax treaties disallow the double taxation of income.
  - The definition of PE generally provides that profits of a foreign enterprise are only taxable in a State to the extent that business profits are attributable to a fixed place of business in that state.
The Treasury Department released a 2016 model income tax treaty, with a focus on ending inversions and income shifting. The model treaty has not been updated since 2006.

Changes and new provisions include:

- No reduced withholding on payments of highly mobile income, such as royalties and interest, made to related persons that pay little or no tax on that income under a preferential tax regime.
- A new obligation of treaty partners to consult on amending the treaty when necessary to reflect changes in domestic law of a treaty country call into question the treaty’s original negotiation benefits and the need to reduce double taxation.
- Measures to reduce tax benefits of corporate inversions. It denies reduced withholding taxes on U.S. source payments made by companies that engage in inversions to related foreign persons.
- The treaty provides for mandatory binding arbitration to settle tax disputes regarding the application of tax treaties. Under the 2006 treaty, settlement of tax disputes was under competent authority.
The Foreign Account Tax Compliance Act (FATCA)

• What is FATCA?
  - FATCA is part of a comprehensive U.S. anti-evasion regime designed to locate income and assets held by U.S. persons in offshore accounts or indirectly through ownership of foreign entities and ensure that it is reported to the IRS.

• Why does FATCA matter?
  - FATCA requires foreign financial institutions (FFIs) to report to the IRS information about financial accounts held by U.S. taxpayers, such as those held by nonprofits.
  - FATCA requires U.S. Withholding Agents (including nonprofits) to withhold a new 30% gross withholding tax on “withholdable payments” made to non-compliant FFIs.
  - Under FATCA, certain U.S. taxpayers holding financial assets outside of the United States are required to report those assets on Form 8938, Statement of Specified Foreign Financial Assets.
New Form 8938 filing requirements do not apply to 501s and private foundations

Until 2016, only U.S. taxpayers who are individual were required to file the Form.
- Effective in 2016, U.S. taxpayers who are “specified domestic entities” are also required to file the Form.
- Nonprofit organizations and private foundations are not included in the term “specified domestic entities” and therefore are not required to file Form 8938.
New 2016 Form W-8IMY to certify status under FATCA

- IRS has recently released the 2016 Form W-8IMY, *Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding*.

- The main changes to the new form include the following:
  - New instructions for how a non-reporting IGA FFI should certify its status
  - Qualified Derivatives Dealers (“QDD”) have been included in the definition of Qualified Intermediary (“QI”) for purposes of FATCA, effective January 1, 2017. The updates include certifications that are required by a QI who are acting as a QDD.
  - The form has been edited to reflect that QI’s are no longer assumed to have primary withholding responsibility on payments
The OECD Common Reporting Standard

- As a measure to counter tax evasion, the OECD developed the common reporting standard “CRS” which calls on jurisdictions to obtain information from their local financial institutions and disclose that information with other jurisdictions annually. The CRS was approved by the OECD council in 2014 and member nations are continuously implementing the provision.

- The financial accounts of nonprofit organizations are subject to the OECD CRS exchange of information if they maintain accounts in jurisdictions that have implemented the CRS.
STATE AND LOCAL TAX UPDATE
State and local tax

• Compliance is difficult
  – State and local taxes don’t follow federal income tax rules
  – Each state, county or city has its own rules and requirements
  – The state or local government might require registration in the jurisdiction even if no taxes are due
State and local tax

• Trends

  – Sales tax
    • States require out of state companies to collect tax
      – Alabama and South Dakota
      – Economic Nexus
      – Future Supreme Court ruling
  
  – Income tax
    • State source sales based on market analysis
      – Where the services are performed is not relevant
      – Which market is the customer receiving the services
      – Where has the benefit been received
State and local tax

• What can you do?
  – Set up a team
    • Representation from management, accounting, payroll, human resources and other departments
    • Perform an analysis
      – Organization goals
      – Current and future activities to achieve goals
      – Will the activities involve states where currently not registered/paying taxes
      – Will the activities create risk
      – How much risk is the organization willing to take
State and local tax

• What can you do?
  – Team responsibilities
    • Know the activities of organization employees
    • Analyze the impact of the activities in other states and localities
      – Does the state/locality have a threshold?
      – Does the organization have an internal benchmark?
    • Provide information to leadership when requested
      – Should the organization register?
      – Does the organization have any tax responsibilities?
      – What are the risks for other taxes?
• Best practices

  – Go/don’t go list

    • Client provides management a list of states and localities that can be visited by an employee without creating risk – Go locations
      • In addition are the don’t go states and localities
      • And some locations are talk with the team first or go with caution
State and Local Tax

• Best practices
  – Activities list
    • Where are the board meetings scheduled for the next year?
    • What does our website state regarding activities in other states?
    • What does social media sites – Facebook, etc. – state regarding activities in other states?
    • Are media appearances scheduled in other states?
Polling Question #7

- Which state tax issue have you faced in the past 18 months?
  a) Nexus questionnaire
  b) Sales tax audit
  c) Property tax assessment
  d) Unclaimed property audit
  e) State income tax filing requirement
  f) None of the above
State and local tax

• Payroll taxes
  – Some states with individual income tax do not require withholding until a certain dollar amount is reached
    – 16 states require withholding if income earned in the state
      • Includes IL, LA, MI, MO, NC, PA
      • Applies to any employee for any length of time
    – Unemployment normally applies where work is performed
State and local tax

• Sales and use taxes

  – Several states impose sales and use tax on purchases made by nonprofits
    • Includes CA, HI, IA, LA, WA
    • Some entities can be exempt
    • Many other states impose tax on some nonprofit entities

  – Some states impose sales tax on sales made by nonprofits
    • Sales that compete with for profit businesses
    • Sales that are not part of the exempt purpose of the entity
State and local tax

• Income taxes
  – Most states tax unrelated business income
  – States that don’t include NJ, OH, PA, TX
State and local tax

• Unclaimed property
  – Funds that have been paid to a person or company but are retained by the entity
  – After a holding period, these funds are required to be paid to the applicable state

• States audits
  • Auditors are paid a percentage of the amount billed to the entity being audited
  • Long look back periods
  • Small sample selections lead to large assessment amounts
QUESTIONS AND ANSWERS?
Before we conclude

Make plans to join us for our next webcast:

*Modernizing the finance function*

Tuesday, November 15, 2016

Noon EST

60 minutes
THANK YOU FOR YOUR TIME AND ATTENTION
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