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**PHILANTHROPY SOUTHWEST**

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**NONPROFIT ORGANIZATIONS INSTITUTE**

**YEAR IN REVIEW**

Treasury and IRS Regulations, Rulings, and Other Pronouncements,  
Court Opinions, Proposed and Enacted Legislation,  
and other Current Developments

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## YEAR IN REVIEW

This outline consists of nine parts: summaries of (1) the Internal Revenue Service's Exempt Organizations Division's Report on FY 2016 Priorities; (2) the Treasury Department-IRS 2016-2017 Priority Guidance Plan; (3) current developments in the law pertaining to tax-exempt organizations in general; (4) current developments in the federal law of particular pertinence to public charities and private foundations; (5) current developments pertaining to unrelated business activities of exempt organizations; (6) current developments relating to the tax law of charitable giving; (7) current developments relating to the law of fundraising; (8) recent legislation; and (9) miscellaneous other current developments in the law concerning nonprofit organizations.

### **I. TE/GE REPORT ON FY 2017 WORK PLAN**

**A. IRS's Exempt Organizations Division, on September 29, 2016, issued its report on fiscal year 2017 work plan.**

#### **B. Examinations:**

1. FY 2016 focus was on five issue areas: tax exemption, protection of assets, the tax gap, international spending, and emerging issues.

2. EO Examinations completed 4,984 examinations as of June 30, 2016.

3. As of June 30, 2016, IRS completed 692 hospital reviews and referred 166 hospitals for field examinations.

4. IRS continued post-determination compliance examination of 1,400 exempt organizations that filed Forms 1023 or 1024.

5. IRS began post-determination compliance examinations of exempt organizations granted recognition of exemption by means of submission of Form 1023-EZ.

6. Both of these two processes said to be "working well" and will be continued in FY 2017.

7. In FY 2017, IRS will continue its compliance strategy and utilization of data-driven decisions.

#### **C. Determinations:**

1. Prevention of erroneous automatic revocations.

2. Rejection of incomplete applications for recognition of exemption.

3. Implementation of social welfare organization notice regime.

4. Reduction of user fee for Form 1023-EZ users.

5. Through third quarter of FY 2016, EO Determinations closed more applications than it received.

## **II. TREASURY-IRS 2016-2017 PRIORITY GUIDANCE PLAN (AUGUST 15, 2016) PROJECTS**

### **A. Tax-Exempt Organizations Law Projects**

1. Proposed regulations (under IRC § 501(c)) pertaining to political campaign activities; project has been suspended because of its prohibition by Congress in omnibus spending legislation.

2. Guidance regarding methods of allocating expenses relating to dual-use facilities (IRC § 512(a)(1)).

3. Issuance of update to Rev. Proc. 2011-33 for EO Select Check.

4. Revenue procedures updating grantor and contributor reliance criteria (IRC §§ 170, 509).

5. Guidance relating to exempt organizations' reporting of contributions (IRC § 6033).

6. Promulgation of final regulations and additional guidance on supporting organizations (IRC § 509(a)(3)); regulations published in final form on December 21, 2015, and proposed regulations issued on February 18, 2016.

7. Update of Rev. Rul. 67-390 (concerning circumstances when new application for recognition of exemption is required because exempt organization becomes new legal entity).

8. Guidance regarding private foundations' investment in partnership in which disqualified persons are also partners (IRC § 4941).

9. Proposed regulations regarding excise taxes on donor-advised funds and fund management in reflection of 2006 statutory law (IRC § 4966).

10. Final regulations concerning church tax inquiries and examinations (IRC § 7611); proposed regulations were issued in 2009.

11. Final regulations on qualified ABLE programs (IRC § 529A); final guidance was published in December.

12. Regulations explaining computation of unrelated business taxable income of voluntary employees' beneficiary associations (IRC §§ 501(c)(9), 512); proposed regulations issued in 2014.

Also available as part of the eCourse

[2017 Nonprofit Organizations eConference](#)

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