

## Private Foundations Bulletin

# IRS 2020-2021 Priority Guidance Plan – What Foundations Should Know

Each year the Department of the Treasury and the IRS jointly release their Priority Guidance Plan (the Plan) for the upcoming year, the most recent of which was released on November 17, 2020. The Plan contains guidance on tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other published administrative guidance. The Plan focuses resources on guidance items that are most important to taxpayers and practitioners. In accordance with the Freedom of Information Act, the Plan plays a significant role in increasing voluntary compliance by helping to clarify ambiguous areas of the tax law.

Some years, there are more components of the Plan that pertain to private foundations and donors than others. This year's plan has a few, and we share them with you in this bulletin.

Laid out in a 31-page document containing 191 guidance projects, [the Plan](#) contains projects that will be the primary focus for the period July 1, 2020 through June 30, 2021. While the Plan is open to amendment and may be further updated during the year, notable topics of interest to the private foundation community, its donors, as well as to philanthropic organizations as a whole, are noted below.

### Implementation of Tax Cuts and Jobs Act (TCJA)

- Regulations on computation of unrelated business taxable income for separate trades or businesses under §512(a)(6), as added by section 13702 of the TCJA, and allocation of certain expenses by exempt organizations with more than one unrelated trade or business. Proposed regulations were published on April 24, 2020.

### Taxpayer First Act Guidance

- Guidance updating electronic filing requirements for exempt organizations and employee plans to reflect changes made by the Taxpayer First Act that will impact private foundations filing of Form 990-PF and 990-T in the coming year(s).

### Bipartisan Budget Act of 2015, Partnership Audit Regulations

- Proposed regulations under §6232(f) (regarding the collection of the imputed underpayment and other amounts due from partners of the partnership in the event the amounts are not paid by the partnership) and proposed regulations under §6241 (regarding the treatment of special enforcement matters).
- Final regulations addressing adjustments to bases and capital accounts and the tax and book basis of partnership property. Proposed regulations were published on February 2, 2018. (Re-proposed on August 17, 2018, in combination with proposed regulations addressing revisions to chapter 63 made by the Tax Technical Corrections Act of 2018.)

## General Guidance: Employee Benefits

- Guidance relating to certain IRS, Tax Exempt and Government Entities, Employee Plans programs, including the Pre-approved Plan Program, the Determination Letter Program, and the Employee Plans Compliance Resolution System.

## General Guidance: Exempt Organizations

- Guidance on circumstances under which an LLC can qualify for recognition under §501(c)(3).
- Guidance under §4941 regarding a private foundation's investment in a partnership in which disqualified persons are also partners.
- Regulations regarding the excise taxes on donor-advised funds and fund management.

## Contact Us

We welcome the opportunity to answer any questions you may have related to this topic or any other accounting, audit, tax or advisory matters relative to private foundations. Please call 212.286.2600 or email any of the Private Foundation Services team members below:

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