



## Tax News and Views Health Care Edition

### Tax reform

#### Transportation Fringe Benefits Taxed as UBI

[Publication 15-B, Employer's Tax Guide to Fringe Benefits](#) which supplements Publication 15, Employer's Tax Guide contains information for employers on the employment tax treatment of fringe benefits. Among the benefits that Publication 15-B addresses are transportation (commuting) benefits. In the publication, the IRS confirmed that under Section 274 "no deduction is allowed for qualified transportation benefits (whether provided directly by you, through a bona fide reimbursement arrangement, or through a compensation reduction agreement) incurred or paid after December 31, 2017." The publication further provides that "no deduction is allowed for any expense incurred for providing any transportation, or any payment or reimbursement to your employee, in connection with travel between your employee's residence and place of employment, except as necessary for ensuring the safety of your employee, or for qualified bicycle com-muting reimbursements as described in section 132(f)(5)(F)."

Find it Fast

Tax Reform

New 2018 Form W-4  
Released

Did you know?

Deloitte Dbriefs

Although the publication does not address exempt organizations specifically, this clarification of Section 274 further defines the benefits that if provided by an exempt organization will be includable in unrelated business income including those benefits provided as part of a reimbursement plan.

### International Transition Tax

In general, Section 965 requires United States shareholders, as defined under section 951(b) of the Code, to pay a transition tax on the untaxed foreign earnings of certain specified foreign corporations as if those earnings had been repatriated to the United States. On March 13, 2018, the [IRS issued additional information](#) related to the requirements under Section 965. The guidance is in question and answer format. Some of the important take-aways from this guidance include:

- Domestic partnerships, S corporation, and other pass-through entities that have a section 965(a) inclusion amount should attach a statement to Schedule K-1, as applicable, that includes partner/shareholder's share of (1) the 965(a) inclusion amount, (2) the 965(c) deduction, and (3) the information necessary for a domestic corporate partner, or an individual making an election under section 962, to compute its deemed paid foreign tax credits (Q9)
- Taxpayers are required to make payments for tax owed as a result to Section 965 separate from payments made for non-Section 965 taxes owed. Both payments are due by the due date of the organization's applicable return. (Q10)
- Exempt organization taxpayers should use Form 990-T to report and pay Section 965 taxes owed. The 965(a) and 965(c) amounts should not be reported on Form 990-T but rather on Section 965 Transition Tax Statement, Line 1 and Line 3, respectively. Report the total net tax liability on Form 990-T, Page 2, Part IV, Line 44. If the taxpayer is electing to pay the transition tax in installments, enter the total amount to be paid in installments for years beyond tax year 2017 on Form 990-T, Page 2, Part IV, Line 45g. (Appendix: Q&A2)

For information on these and other provision of the Act, please reach out to your Deloitte contact.

### New 2018 Form W-4 Released

The Internal Revenue Service (IRS) has issued a new 2018 Form W-4, following the earlier release of new income tax withholding tables, to employers as a result of tax reform legislation ("An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018") (the "Act").

Although not all employees will need to complete the new form for 2018, the IRS is encouraging all employees to perform a "paycheck checkup" to review their withholding position. Those employees with more complicated personal circumstances likely will need to file a new Form W-4. Those with more straightforward personal circumstances (e.g., single filing status and no dependents) likely will not need to take any action.

Employers will need to ensure they make the new form available to their employees and direct them to the available IRS guidance on completing the form. These forms are typically made available through internal company websites.

Employers with employees in states with high income tax rates (and therefore a higher proportion of employees that have historically itemized income tax deductions) are likely to have more new Forms W-4 to process than others. There will likely be an additional second wave of Forms W-4 submitted by employees once the 2017 tax returns are completed and Publication 505 becomes available.

#### Did you know?

##### Form 1024-A

The IRS is reminding taxpayers that organizations applying for recognition of exempt status under Section 501(c)(4) should use the new [Form 1024-A](#), Application for Recognition of Exemption under Section 501(c)(4) of the Internal Revenue Code. Organizations applying for recognition of exempt status under Section 501(c)(2), (5), (6), (7), (8), (9), (10), (12), (13), (15), (17), (19), or (25) should continue to use [Form 1024](#), Application for Recognition of Exemption Under Section 501(a).

##### IRS Issue Snapshot

The IRS periodically publishes [Issue Snapshots](#). Issue Snapshots are employee job aids that provide analysis and resources for a given technical tax issue. They are developed through IRS internal collaboration and may evolve as the compliance environment changes and new insights and experiences are contributed. Some recent Issues Snapshots are [Entities Engaged in the Corporate Practice of Medicine](#) and [Unrelated Business Income from Debt-Financed Property under IRC Section 514](#).

## Deloitte Dbriefs

Deloitte Dbriefs are live webcasts that give you valuable insights on important developments affecting your business. Register for the following webcasts or view archived recordings by clicking on the respective hyperlinked button below.



### Tax Reform

#### US tax reform: What does it mean for Chinese investors?

April 5 | 11 a.m. ET | 15:00 GMT

The recent US tax reform likely will have a significant impact on Chinese multinational companies investing in the United States. What do Chinese inbound companies and their parent organizations need to know? Participants will learn how US tax reform might impact their business and explore potential tax planning considerations.

Register



### Global Mobility, Talent, & Rewards

#### Global payroll operations: Improving efficiency and tax compliance

April 10 | 2 p.m. ET | 18:00 GMT

Payroll operations for globally mobile workforces are growing more complex as tax authorities seek to expand revenue and enforce wage and tax reporting requirements. How can companies refine their existing payroll operations to address these risks on a global scale? Participants will gain insights on important developments and technology affecting mobility compensation, employment tax, and payroll operations.

Register



### Life Sciences & Health Care

#### The no-collar workforce: Technology's impact on HR in health care

April 10 | 1 p.m. ET | 17:00 GMT

Within the life sciences and health care industry, technology is increasingly automating repetitive tasks. How will changes in technology transform traditional back-office functions and even clinical workflows? Participants will explore current and future use cases for robotics in health care and learn strategies to manage a changing workforce.

Register



### Tax Operations

#### Operationalizing US tax reform: Creating a sustainable tax ecosystem?

April 25 | 2 p.m. ET | 18:00 GMT

With tax reform now a reality, it is time to rethink tax department processes, data models, and systems. What are important considerations for creating a sustainable, efficient, and effective tax ecosystem? Participants will learn how tax departments are moving beyond the shock of tax reform into sustainment.

Register



## Contact

Please contact your local Deloitte Tax LLP provider for more information on our services.

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