



Tax News & Views

Health care edition

Annual Revenue Procedures Released

The Internal Revenue Services (“IRS”) released a series of updated revenue procedures (Rev. Proc.) affecting tax-exempt organizations via [Internal Revenue Bulletin 2023-1](#).

- **Rev. Proc. 2023-1** revises the procedures for letter rulings, user fees, determination letters and information letters on specific issues.
- **Rev. Proc. 2023-2** provides when and how the IRS provides guidance conveyed in a technical advice memorandum (TAM).
- **Rev. Proc. 2023-3** updates the list of areas under the Internal Revenue Code that the IRS will not issue rulings.
- **Rev. Proc. 2023-4** contains updated procedures for delivering letter rulings, determination letters, and other advice under the Tax-Exempt and Government Entities Division, Employee Plans Rulings, and Agreement Office.

Find it Fast

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- **Rev. Proc. 2023-5** describes revised procedures for issuing determination letters on issues that fall under the jurisdiction of Exempt Organizations (EO) Rulings and Agreements. This includes organizations not covered under Rev. Proc. 2023-4, private foundation status, and other determinations related to tax-exempt organizations. The Rev. Proc. additionally covers procedures applying to revocation or modification of determination letters. This Rev. Proc. supersedes both Rev. Proc. 2022-5 and Rev. Proc. 2022-8.
- **Rev. Proc. 2023-7** provides a current list of provisions of the Internal Revenue Code that the Associate Chief Counsel (International) will not issue letter rulings or determination letters.

Mayo Clinic Entitled To \$11.5M Tax Refund

In an opinion in *Mayo Clinic et al. v. United States*, handed down on November 22, 2022, a U.S. District Court in Minnesota ruled that Mayo Clinic (Mayo) is entitled to a \$11,501,621 refund for unrelated business income tax it paid on debt-financed income from its investment portfolio in tax years 2003, 2005-2007, and 2010-2012. This latest ruling aligns with a prior 2019 ruling from the U.S. District Court in Minnesota in concluding that Mayo Clinic is an educational organization under IRC section 170(b)(1)(A)(ii) excluded from paying unrelated business income tax on such investment income. The 2019 ruling was subsequently reversed by the Eighth Circuit Court in a 2020 opinion. However, in its most recent court proceedings Mayo was able to ultimately obtain an affirmative opinion by providing various evidence that supported its claim that Mayo was organized and operated to support educational purposes during the years refunds were requested. Such evidence included reference to the educational purpose stated in its governing documents, Mayo's establishment and operation of schools to support educational purposes, Mayo's investment in research and education, and Mayo's integration of education, research, and its clinical practice.

TIGTA Report on Improving the Processing of Proposed Denied Exemption Applications

The Treasury Inspector General for Tax Administration (TIGTA) issued a [report](#) on December 19, 2022 summarizing its findings from a review conducted at the request of 13 U.S. Senators to evaluate the Tax Exempt and Government Entities Division's (TEGE) oversight controls and procedures when issuing proposed adverse IRS section 501(c)(3) tax-exempt status determination letters. After performing review procedures TIGTA made six recommendations: (1) ensure that Exempt Organization Determinations (EOD) specialists complete, and managers review, all required actions when processing proposed denials of tax exemption; (2) require EOD specialists to fully document discussions with taxpayers and actions taken; (3) require Quality Assurance reviewers to document that applicants did

not submit a protest; (4) provide refresher training to EOD specialists and Quality Assurance reviewers; (5) ensure that actions taken to address common quality deficiencies resolve the issues; and (6) develop baseline goals for quality review scores and adjust them periodically, as needed. The TEGE Commissioner agreed with TIGTA's recommendations.

Inflation Reduction Act of 2022 (IRA) Clean Energy Guidance

The Treasury Department and IRS have recently issued various guidance regarding some of the clean energy provisions in the IRA. Notably, [Notice 2022-61](#) was issued on November 30, 2022 and provides guidance on the prevailing wage and apprenticeship requirements applicable to many of the energy tax provisions modified or created by the IRA. The Notice establishes the 60-day period described in the provisions, which means January 28, 2023 is the last day by which a taxpayer may begin construction of qualified facility, energy property, or energy project without having to meet the substantive prevailing wage and apprenticeship requirements to qualify for increased credit or deduction amounts. The Notice provides relevant cross-references, definitions for various terms, and procedures in order for taxpayers to apply the substantive prevailing wage and apprenticeship requirements. In addition, the Notice provides guidance for determining the beginning of construction or installation relevant to the prevailing wage and apprenticeship requirements and for other credit eligibility and qualification purposes, by reference to other IRS guidance previously issued. Additionally the IRS released [Rev. Proc. 2022-42](#) before year-end which sets out key processes that manufacturers and sellers of clean vehicles must follow for vehicles to be eligible for one or more of the IRA's clean vehicle tax incentives, including tax credits for new and previously owned clean vehicles, as well as for commercial clean vehicles.

Treasury and the IRS continued releasing guidance at the start of 2023, including a [Fact Sheet](#) answering frequently asked questions related to new, previously-owned and qualified commercial clean vehicle credits under IRC sections 30D, 25E and 45W. [Notice 2023-1](#) informs taxpayers of the Treasury and IRS's intention to propose regulations to address certain terms relevant to the requirements of the clean vehicle credit under section 30D, and [Notice 2023-9](#) provides a safe harbor regarding the incremental cost of certain qualified commercial clean vehicles placed in services in 2023 for purposes of the new credit for qualified commercial clean vehicles under IRC section 45W. Treasury and the IRS indicated they intend to continue releasing guidance in regard to the various IRA provisions in 2023.

For a detailed discussion of the clean energy tax provisions in the IRA you can view Deloitte Tax LLP's report [Advancing energy security: Sustainability-related tax provisions in the Inflation Reduction Act](#).

Did you know?

2023 Standard Mileage Rates

The IRS issued [Notice 2023-03](#) which provides the 2023 standard mileage rates for taxpayers to use in computing the deductible costs of operating an automobile for business, charitable, medical or moving expense purposes. The business standard mileage rate for transportation or travel expenses per the Notice is 65.5 cents per mile (3 cent increase from 2022 midyear rate), while the standard mileage rate for use of an automobile in rendering services to a charitable organization is 14 cents per mile (unchanged from 2022).

Getting a Copy of an Exemption Determination Letter

There are a couple of ways an organization can obtain a copy of an exemption determination letter:

- Favorable determination letters issued in 2014 and later should be available on Tax Exempt Organization Search at www.irs.gov/teos.
- Requests for exemption applications and determination letters can be made by submitting Form 4506-B, Request for a Copy of Exempt Organization IRS Application or Letter. Previously, such requests were made by submitting Form 4506-A, Request for a Copy of Exempt or Political Organization IRS Form.

Latest on Tax law changes

The Tax News & Views: Capitol Hill briefings provides [articles](#) and [podcasts](#) on the latest developments with tax legislation on capitol hill.

Upcoming Conferences & D-Briefs

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.



Transfer Pricing

Improving operational transfer pricing

Jan 26 | 1 p.m. ET | 18 GMT

Sometimes being told what profit to target is the easy part. Companies faced with the challenge of implementing transfer pricing policies often consider data availability, multiple enterprise resource planning (ERP) systems, coordination with customs, limited resources, and divergent internal viewpoints. Participants will gain insights on improving operational transfer pricing.

Register



Tax Operations

By the numbers – Navigating Pillar Two and global tax reform

Jan 31 | 1 p.m. ET | 18 GMT

In this session, the presenters will focus on the practicalities of managing the Pillar Two and US book minimum tax data and compliance challenges, insofar as they are known now. Participants will gain insight on strategies and approaches to manage compliance and data requirements that companies should consider to help prepare for Pillar Two reporting.

Register



Global Mobility, Talent & Rewards

Managing today's complex global workforce: 2022 GES Summit highlights

Feb 1 | 2 p.m. ET | 19 GMT

Deloitte's recent Global Employer Services Summit explored emerging topics rooted in the theme of "illuminating the future," with a focus on today's complex workforce. As global talent markets, workforce ecosystems, and the regulatory landscape continue to evolve, how can you enhance business performance, employer compliance, and talent engagement? Join us for a recap of the hottest topics. Participants will discover how to create value while maintaining compliance in their organization.

Register



Tax Operations

The role of tax today: how to become a strategic business partner

Feb 16 | 1 p.m. ET | 18 GMT

Tax's role is increasingly going beyond its core compliance and planning obligations. Inherent in the tax leadership role is the ability to be a trusted, strategic advisor and partner to the business. What does that mean for your organization and how can your team step into this expanded role? Participants will discover ways to help their tax professionals become strategic purpose-driven business leaders to elevate their role as business partners and influencers of the organization.

Register



Contacts

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

Rachel Becker

Milwaukee
rbecker@deloitte.com
+1 414 977 2567

Kristina Rasmussen

Minneapolis and Washington National Tax
krasmussen@deloitte.com
+1 612 397 4178

Jeff Frank

Indianapolis
jdfrank@deloitte.com
+1 317 656 6921

John W. Sadoff, Jr.

Costa Mesa
jsadoff@deloitte.com
+1 714 913 1281

Anne Fulton

Minneapolis
anfulton@deloitte.com
+1 612 397-4242

Jim Sowar

Cincinnati
jsowar@deloitte.com
+1 513 784 7242

Alicia Janisch

Detroit
ajanisch@deloitte.com
+1 313 324 1442

Shawna Jansons

Indianapolis
sjansons@deloitte.com
+1 317 656 4386

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