



Tax News & Views

Health Care and Nonprofit Edition

Annual Revenue Procedures Released

The Internal Revenue Service released a series of updated revenue procedures (Rev. Proc.) affecting tax-exempt organizations via [Internal Revenue Bulletin 2024-1](#).

- Rev. Proc. 2024-1 revises the procedures for letter rulings, user fees, determination letters and information letters on specific issues.
- Rev. Proc. 2024-2 provides when and how the IRS provides guidance conveyed in a technical advice memorandum.
- Rev. Proc. 2024-3 updates the list of areas under the Internal Revenue Code (IRC) that the IRS will not issue rulings.

Find it Fast

Annual Revenue Procedures Released

2024 Health Care Outlook now available

JCT releases 'Blue Book' for tax legislation enacted in the 117th congress

IRS releases proposed regulations on 401(k) rules for long-term, part-time employees

IRS publishes Technical Guide on unrelated business income tax

Did you know?

Deloitte Dbriefs

- Rev. Proc. 2024-4 contains updated procedures for delivering letter rulings, determination letters, and other advice under the Tax-Exempt and Government Entities Division, Employee Plan Rulings and Agreements.
- Rev. Proc. 2024-5 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. 2024-4, private foundation status, and other determinations related to tax-exempt organizations. The Rev. Proc. also covers procedures applying to revocation or modification of determination letters as well as guidance on applicable user fees for requesting determination letters.
 - Section 3.01(1) of the Rev. Proc was updated to note that EO Determinations will now issue a determination letter to an organization seeking recognition as a tax-exempt entity under a different paragraph of IRC section 501(c) under certain conditions:
 - The organization must represent that as of the date it submitted its application for exemption under a different paragraph of IRC section 501(c) that it distributed its assets to another IRC section 501(c)(3) entity and include a description of such assets, and
 - The organization must demonstrate that it satisfies the requirements of the new IRC section 501(c) paragraph.

2024 Health Care Outlook now available

The Deloitte Center for Health Solutions (CHS) announces the release of the [2024 Health Care Outlook](#). The Outlook highlights data points from Deloitte's Health Care Outlook Survey, with a spotlight on various factors shaping the transformation of the sector and challenges currently faced by health care professionals. New data pointed to adopting new technologies and business models—while under sustained financial pressure—as possibly the biggest challenge the industry faces in the coming year. This year's Health Care Outlook focuses on five factors likely to shape health care in 2024:

- *M&A, consolidation and convergence*
- *Generative AI and digital transformation*
- *Workforce talent challenges*
- *Outsourcing and offshoring*
- *Affordability and empower consumers*

JCT releases 'Blue Book' for tax legislation enacted in the 117th Congress

The Joint Committee on Taxation (JCT) staff on December 21 released a "Blue Book" providing a general explanation of provisions in the eight tax bills that became law in the 117th Congress.

Among the more notable tax laws enacted in the previous Congress and described in the publication are:

- The Inflation Reduction Act (P.L. 117-169), a roughly \$740 billion budget reconciliation package that includes a minimum tax on certain large corporations, an excise tax on stock buybacks, a significant infusion (over 10 years) of mandatory funding for the Internal Revenue Service, incentives to promote climate change mitigation and clean energy, and provisions to promote health care affordability.
- The American Rescue Plan Act of 2021 (P.L. 117-2), which provided an array of emergency tax relief provisions to help businesses and individuals absorb the economic impact of the COVID-19 pandemic.
- The Consolidated Appropriations Act, 2023 (P.L. 117-328), an omnibus government funding measure (for fiscal year 2023) that provided a host of retirement security provisions intended to make it easier for businesses to offer tax-qualified retirement savings plans to their employees, encourage individuals to participate in retirement plans and grow their tax-preferred savings, and expand after-tax "Roth" treatment for certain retirement accounts and retirement account contributions.

The explanations, which were prepared in consultation with the staffs of the House Ways and Means Committee and the Senate Finance Committee, are presented in chronological order of the tax legislation as signed into law. For each provision in a given law, the Blue Book provides a description of the law in effect immediately prior to enactment, an explanation of the provision, and its effective date. The explanations do not reflect any legislative changes made after the enactment of any given provision.

The publication includes revenue estimates for the provisions in each enacted law.

IRS releases proposed regulations on 401(k) rules for long-term, part-time employees

On November 24, 2023 the IRS issued proposed regulations ([REG-104194-23](#)) that would provide critical guidance with respect to recent legislation that requires participation of long-term, part-time employees in plans that include cash or deferred arrangements under section 401(k).

In late 2019, the SECURE Act added rules mandating the participation of long-term, part-time employees. These rules were set to become effective beginning January 1, 2024. The SECURE 2.0 Act ("SECURE 2.0"), enacted in late 2022, expanded this long-term,

part-time employee coverage by shortening the wait time for part-time employees to enroll in section 401(k) plans from three years to two years. The SECURE 2.0 expanded rules were to become effective beginning in 2025. SECURE 2.0 also clarified that pre-2021 service isn't considered for vesting purposes. The proposed regulations define critical terms, set forth participation, eligibility, and vesting standards, and provide for an employer election regarding testing.

The proposed regulations are proposed to apply to plan years that begin on or after January 1, 2024. Taxpayers may rely on the rules in the proposed regulations until the effective date of a finalized version of the regulations. Employers who sponsor so-called safe harbor match 401(k) plans are required to issue annual notices in advance of the plan year. These employers should review their notices for the upcoming year to confirm that they accurately address the treatment of long-term, part-time employees.

IRS publishes Technical Guide on unrelated business income tax

On December 27, 2023, the IRS' Exempt Organizations and Government Entities has published [Technical Guide 48: Unrelated Business Income Tax](#) which provides technical guidance on unrelated business income. The 142-page guide provides comprehensive guidance on the determination of unrelated business income by a tax-exempt organization but does not clarify how expenses should be allocated between a related and unrelated activity. Section H of Technical Guide 48 also provides clarification on the ordering of net operating losses generated pre-2018 and post-2017 when the organization is reporting unrelated business income in multiple silos. Regulations under IRC section 512 regarding the allocation of expenses in computing unrelated business taxable income and addressing how changes made to IRC section 172 net operating losses by section 2303(b) or the CARES Act apply for purposes of IRC section 512(a)(6) are part of the IRS and Treasury's 2023-2023 priority guidance plan.

Did you know?

IRS announces extension of transition period for Form 1099-K reporting threshold

The IRS published [Notice 2023-74](#) ("Notice") on November 21, 2023, announcing that calendar year 2023 will be treated as an additional transition period with respect to enforcement for the new Form 1099-K reporting threshold applicable to Third-Party Settlement Organizations (TPSOs).

In 2021 the American Rescue Plan Act (ARPA) amended the de minimis exception for TPSO reporting for returns for calendar years after 2021. This change eliminated the 200-transaction threshold and reduced the gross amount of aggregate payment threshold from \$20,000 to \$600. Under this modified threshold, third-party network transaction reporting is required for any participating payee receiving greater than \$600 in aggregate payments during the year, regardless of the number of transactions.

In December 2022, the [IRS provided relief](#) for the calendar year 2022 that delayed the modified threshold from becoming effective by one year. This notice extends the relief to cover calendar year 2023 transactions.

The IRS further announced its plan to provide for a threshold of \$5,000 for 2024, and requested comments on how the Form 1099-K reporting regime could be modified to focus more on taxable transactions.

IRS has revised [Notice 2023-75](#) to provide for cost of living adjustments applicable to employee contributions to plans under IRC sections 401(k), 403(b) and 457.

IRS announces 2024 inflation adjusted amounts

The Internal Revenue Service recently announced in [Rev. Proc. 2023-34](#) and [Notice 2023-75](#) (collectively, "the Announcements") the annual inflation adjustments for the 2024 tax year, including the income tax rate schedules, the increase to the applicable exclusion amount for estate and gift tax purposes, and adjustments to pension plan limitations and other retirement-related items.

Latest on Tax law changes

The Tax News & Views: Capitol Hills 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.



Multistate Tax

Multistate tax update: sales sourcing, legislation, and other hot topics

Jan 25 | 1 p.m. ET | 18 GMT

Join Deloitte and Global Business Alliance for a discussion of the latest multistate tax developments. With a focus on important issues for inbound businesses, we'll review sales sourcing developments, combined reporting legislation, state conformity trends related to IRC 163(j), and IRC 174. Participants will examine state tax policy including important legislation, rule-making and audit trends

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

The information contained in Tax News & Views: Health Care Edition is for general purposes only and Deloitte is not, by means of this newsletter, rendering accounting, business, financial investment, legal, tax, or other professional advice or services. This material is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this newsletter. If you have questions about the content of Tax News & Views: Health Care Edition, contact Kristina Rasmussen at +1 612 397 4178 or at krasmussen@deloitte.com.

As used in this document, "Deloitte" means Deloitte Tax LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.