

Tax News & Views Health Care Edition

Industry Issue Resolution program expanded

The Internal Revenue Service (IRS) Industry Issue Resolution (IIR) program has been expanded to now include issues under the Tax Exempt and Government Entities (TE/GE) Division. Revenue Procedure 2016-19 describes the expanded program.

Background

In 2000, the IRS announced the IIR Pilot Program. The objective of the pilot program was to establish a procedure to address through pre-filing guidance rather than post-filing examination frequently disputed tax issues that are common to a significant number of large or midsize business taxpayers. After evaluating the success of the pilot program, the IRS announced in Notice 2002-20 that the IIR Program would be made permanent. In addition, Notice 2002-20 expanded the IIR Program to address issues common to small businesses, as well as large and midsize businesses, and to address opportunities to reduce burden for all business taxpayers. Historically, Revenue Procedure 2003-36 limited the IIR program to taxpayers under the jurisdiction of the Large Business and International (LB&I) and Small Business and Self-Employed (SB/SE) Divisions.

Revenue Procedure 2016-19

The new revenue procedure expands the availability of the IIR Program to issues with respect to entities under the jurisdiction of the TE/GE Operating Division, and updates, revises, and clarifies the procedures.

The types of issues most appropriate for consideration under the IIR Program will have two or more of the following characteristics:

- (1) The proper tax treatment of a common factual situation is uncertain
- (2) The uncertainty results in frequent, and often repetitive, examinations of the same issue
- (3) Frequent, and often repetitive, examinations require significant resources from both the IRS and impacted entities
- (4) The issue is significant and impacts a large number of entities
- (5) The issue requires extensive factual development
- (6) Collaboration would facilitate proper resolution of the tax issues by promoting an understanding of entities' views and business practices

In general, a requester should be an organization or a group of entities that represents a significant number and cross section of the entities with the particular tax issue or issues. A requester may submit an IIR Program request at any time during the calendar year. Selected IIR Program requests may result in published guidance, such as a regulation, revenue ruling, revenue procedure, or notice. Alternatively, selected requests may result in new or revised administrative procedures, such as an LB&I Operating Division directive or a revision to an Internal Revenue Manual provision.

IIR Program requests and any additional information provided by a requestor in connection with a request are subject to the Freedom of Information Act. All submissions under the IIR Program will be made available for public inspection and copying. Submissions, therefore, should not include confidential or taxpayer specific information that is not intended to be disclosed.

TE/GE releases new "issue snapshots"

The IRS Tax Exempt and Government Entities (TE/GE) Division began disclosing "issue snapshots" which are used within the IRS as employee job aids to provide analysis and resources for a given technical issue. The snapshots are developed by TE/GE through internal collaboration and may evolve as the compliance environment changes and new insights and experiences are contributed. Issue Snapshots are not official pronouncements of law or directives and cannot be used, cited or relied upon as such; however, they provide insight into the IRS's interpretation of current tax issues. There are currently four issue snapshots posted on the IRS website:

1. [IRC Section 4942 Taxes on Failure to Distribute Income Carryover of Excess Distributions or Undistributed Income](#)
2. [Employers Must Withhold FICA Taxes for Aliens who Change Visa status to H-1B](#)
3. [Excise tax on Federal Foreign Procurement Payments](#)
4. [Lessening the Burdens of Government as a Basis for Tax Exemption under IRC Section 501\(c\)\(3\)](#)



Find it Fast

Industry Issue Resolution program expanded

TE/GE releases new "issue snapshots"

IRS issues revised procedures regarding revocations and modifications of exempt status

Did you know?

IRS issues revised procedures regarding revocations and modifications of exempt status

The IRS Tax Exempt and Government Entities (TE/GE) Division recently issued a memo (TEGE-04-0216-0003) regarding revised procedures for revocations and modifications of exempt status. The memo was issued as a result of new legislation provided in the Protecting Americans from Tax Hikes Act of 2015 (PATH Act). Section 506 of the PATH Act expands declaratory judgment rights under Internal Revenue Code Section 728 to all Section 501(c) organizations regardless of paragraph and to IRC Section 501(d) organizations. Therefore, all revocations of IRC Section 501(c) or 501(d) organization will follow the same procedures and processes as those previously used for Section 501(c)(3) organizations.

As a result of these expanded rights, modifications of tax-exempt status (such as modifying a recognized § 501(c)(4) exemption to a § 501(c)(7)) are no longer applicable. Rather, the Service will revoke (or treat as a revocation for declaratory judgment purposes) any organization that no longer qualifies under the Code section for which tax-exemption was granted or self-declared. A revoked organization is free to apply or reapply for recognition of exemption under a different Code section. For any organization that no longer qualifies for tax-exempt status based on an audit, IRS agents will now propose a revocation (rather than a modification of tax-exempt status) and issue a standard 30-day letter. Appropriate modifications will be made to the revocation and modification procedures stated in the Internal Revenue Manuals.

Did you know?

IRS provides additional time to file Form 8850 to claim work opportunity tax credit

The PATH Act retroactively extended the work opportunity tax credit (WOTC) expiration date from December 31, 2014, to December 31, 2019. The WOTC is a federal income tax credit for qualified newly hired employees who fall into one of nine targeted groups. Certain qualified tax-exempt organizations are allowed to claim the WOTC. The IRS recently issued Notice 2016-22, which provides transitional relief applicable to the timing for filing Form 8850 by employers that hire a member of a targeted group between January 1, 2015 and May 31, 2016. Employers will be allowed an automatic extension to file Form 8850 until June 29, 2016, for such employees.

Changes to property tax exemptions for New Jersey hospitals

New Jersey Governor Chris Christie recently announced a two-year freeze immediately on property tax rates for previously exempt nonprofit hospitals. Property tax assessments will be frozen for previously exempt hospitals for 2016 and 2017. In the meantime, a Property Tax Exemption Study Commission has been created to conduct a comprehensive review of New Jersey's property exemption statute. The Commission will review the current statute, which affords certain nonprofit hospitals a property tax exemption.

IRS issues health care tax tips for Forms 1095-A, 1096-B and 1095-C

Forms 1095-A, 1095-B and 1095-C provide information to employees and taxpayers about 2015 health coverage. The IRS recently issued [health care tax tips](#) on the IRS website to provide some answers to common questions about these forms.

IRS Future State

The IRS recently updated its website related to the [IRS Future State Initiative](#). The Initiative is part of the IRS's efforts to enhance voluntary compliance by designing, developing, and implementing approaches to tax administration that are more proactive, accessible, and interactive. These efforts are known collectively as the "Future State" and build upon operating division, technology, and support modernization efforts.

Deloitte Thoughtware

[Deloitte Center for Health Solutions](#). The source for health care insights: The Deloitte Center for Health Solutions (DCHS) is the research division of Deloitte's Life Sciences and Health Care practice. The goal of DCHS is to inform stakeholders across the health care system about emerging trends, challenges, and opportunities.

[Health Care Current](#). Weekly insights to keep you informed and ahead. This weekly series explores breaking news and developments in the US health care industry; examines key issues facing life sciences and health care companies; and provides updates and insights on policy, regulatory, and legislative changes.

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.



Global Mobility, Talent, & Rewards

Tax reporting for the Affordable Care Act: What did 2015 teach us and how do we plan for 2016? April 6 2:00 PM ET

The first year of tax reporting for the Affordable Care Act (ACA) presented challenges for many companies with more than 50 employees. How can you use that experience to lessen the complexities next year? Learn why it is imperative to begin planning for 2016 ACA tax reporting now rather than waiting until 2017.

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Technology Executives

Cyber risk in the digital era: What you don't know can hurt you April 7 2:00 PM ET

Evolving digital business strategies offer incredible opportunities to disrupt the way businesses operate, but they also bring new risks around security, privacy, regulatory compliance, and even quality and safety. How can enterprises harness technology trends without taking on an unacceptable level of risk? Learn steps you can take to effectively protect your company against cyber security threats in the digital era.

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Transactions & Business Events

Legal operations transformation: Innovative ways to drive performance and mitigate risks April 12 2:00 PM ET

Legal operations, especially in multinational businesses, are becoming more sophisticated and challenging every year. How are leading companies transforming legal operations in response? Learn how legal operations transformation can help drive value and produce desired outcomes, help corporate law departments run like a business, and contribute to general counsels' effectiveness.

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Health Sciences

The wide reach and hidden business impacts of cyber attacks on health plans April 12 1:00 PM ET

With cyber attacks becoming the norm, and despite growing attention to the problem, even the most advanced health plans are often ill-prepared for the full business impact of a cyber crisis. What can you do to protect your organization more effectively? Learn how health plans are becoming more resilient and prepared in the face of increasing cyber threats.

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Transfer Pricing

Global country by country reporting: Technology's expanding role April 13 2:00 PM ET

Country by country reporting of transfer pricing information is a new compliance requirement many multinational companies may not be ready for or equipped to handle. How can technology help you develop an efficient process? Learn about proposed reporting regulations in the US and other countries, compliance complexities, and a path toward a repeatable, traceable compliance process.

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HR Executives

Human capital trends 2016: The new organization, different by design April 13 2:00 PM ET

Workplaces, workforces, and work itself are being reshaped in 2016 by sweeping global forces. What are the urgent human capital trends this year and how can HR executives make sense of them? Learn the results of Deloitte's 2016 Global Human Capital Trends report and how they could impact your organization going forward.

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Federal Tax

Quarterly federal tax roundup: A passthroughs update April 18 2:00 PM ET

The passthroughs area of tax generally focuses on the taxation of partnerships and S corporations and their partners and shareholders, respectively, including contributions, distributions, tax basis and loss considerations, and transfers of owners' interests. What are some recent technical developments, potential opportunities, and marketplace trends that may impact your company? Learn about the latest developments in the passthroughs area of tax and potential implications for your company.

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Tax Operations

Tax provision process assessment and redesign: Strategies for continuous improvement April 21 2:00 PM ET

As tax departments continue to face increased pressure to do more with less, the tax provision process is ripe for redesign. How can a fresh approach impact performance and free up tax department resources? Explore ways to refine your company's tax provision process and improve tax department performance.

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Governance, Risk, & Compliance

M&A due diligence: The board's and management's role in protecting shareholder value April 27 2:00 PM ET

Effective due diligence can generate valuable information to help acquirers understand their investment and partnering risks. How can corporate leadership exert positive influence on the process? Explore ways to help guide M&A due diligence and protect shareholder value.

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Global Mobility, Talent, & Rewards

Global inclusion: How mobilizing a diverse workforce can drive business performance May 4 2:00 PM ET

As the global business and talent landscape undergoes transformation, a values-driven approach to unleashing human potential can drive strong business results. How can integration of diversity and inclusion (D&I) with global mobility benefit your organization? Learn how integration of D&I with global mobility can help your organization make diverse global moves, reach and grow new talent, and advance the D&I agenda globally.

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Technology Executives

Right-speed IT: Shifting gears for the digital era May 5 2:00 PM ET

The digital era requires IT organizations to meet evolving business demands while continuing to drive efficient, reliable, secure, predictable results around existing assets. The business of IT needs to evolve in a similar way, embracing alternative organization and delivery models. Explore ways to transform IT to support the demands of tomorrow's digital businesses.

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Health Sciences

Patient centricity: A new life sciences model for improved outcomes May 10 1:00 PM ET

Life sciences companies are changing business models and developing new technologies and solutions to become more patient-centered and outcomes-focused. How are improved clinical education, therapy administration, and medication adherence, along with use of digital tools, leading to better patient engagement? Learn how changes in technology and the health care ecosystem are empowering consumers and redefining how life sciences companies interact with them.

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HR Executives

The rise of teams: A new paradigm for organizational structure May 11 2:00 PM ET

In fast-moving global markets disrupted by digitalization, companies are struggling to innovate rapidly, adapt products and services, and stay close to local customers. Are traditional organizational structures keeping pace? Explore this focus area of Deloitte's 2016 Global Human Capital Trends report and learn how to leverage the rise of teams.

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Tax Operations

Global tax compliance and reporting: The evolution of operating models May 19 2:00 PM ET

More multinational businesses are migrating their global tax compliance and reporting to shared services, global business services, or outsourcing models. What factors should tax executives weigh in their decisions? Learn about the latest developments in global tax compliance and reporting and steps you can take to keep pace.

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Governance, Risk, & Compliance

Cleaning up intercompany accounting: Driving efficiency while managing risk May 26 2:00 PM ET

Improper or insufficient intercompany accounting (ICA) issues are increasingly behind problems that have serious financial consequences for businesses. How can financial executives clean up the mess? Learn ways to achieve transparent, efficient, and controlled ICA.

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Contacts

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

Fran Bedard — Nashville

fbedard@deloitte.com

+1 615 259 1811

Lori Boyce — Detroit

lboyce@deloitte.com

+1 313 396 3324

Jeff Frank — Indianapolis

jdfrank@deloitte.com

+1 317 656 6921

William Homer — Philadelphia

whomer@deloitte.com

+1 215 299 4642

Christine Kawecki — Jericho

ckawecki@deloitte.com

+1 516 918 7138

Joan McMahon — San Francisco

jmcmahon@deloitte.com

+1 415 783 5568

Frank Neczypor — Boston

fneczypor@deloitte.com

+1 617 437 2728

Kristina Rasmussen —

Minneapolis

krasmussen@deloitte.com

+1 612 397 4178

**Mary Rauschenberg — Chicago
and Washington National Tax**

mrauschenberg@deloitte.com

+1 312 486 9544

Steve Rovner — Tampa

srovner@deloitte.com

+1 813 273 8355

John W. Sadoff, Jr. — Atlanta

jsadoff@deloitte.com

+1 704 887 1810

Jim Sowar — Cincinnati

jsowar@deloitte.com

+1 513 784 7242

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