

Tax News & Views Health Care Edition

Treasury issues final regulations for supporting organizations with distribution requirements

On December 21, 2015, the Department of Treasury ("Treasury") issued final regulations regarding the distribution requirement for nonfunctionally integrated ("NFI") Type III supporting organizations.

Background

An organization described in Internal Revenue Code (IRC) Section 501(c)(3) is classified as either a private foundation or a public charity. To be classified as a public charity, an organization must be described in section 509(a)(1), (2), or (3). Organizations described in section 509(a)(3) are known as "supporting organizations." Supporting organizations achieve their public charity status by supporting one or more organizations described in section 509(a)(1) or (2), which in this context are referred to as "supported organizations."

The Pension Protection Act of 2006 (PPA) imposed new requirements on supporting organizations. Specifically, Section 1241(d)(1) of the PPA directed Treasury to promulgate regulations under section 509 that establish a new distribution requirement for Type III supporting organizations that are not "functionally integrated" to ensure that a "significant amount" is paid to supported organizations.

In 2009, Treasury issued proposed regulations setting forth the requirements to qualify as a Type III supporting organization under the PPA. On December 28, 2012, Treasury issued final and temporary regulations (T.D. 9605) regarding the requirements of a Type III supporting organization. The section of the regulations that was issued as "temporary" dealt with the distribution requirement for NFI Type III supporting organizations.

Specifically, the 2012 temporary regulations:

1. Defined the distributable amount as equal to the greater of 1) 85% of the supporting organization's adjusted net income or 2) its minimum asset amount for the immediately preceding taxable year;
2. Defined minimum asset amount as 3.5% of the excess aggregate fair market value of the supporting organization's non-exempt-use assets over the acquisition indebtedness with respect to such non-exempt-use assets;
3. Provided that the determination of the aggregate fair market value of an NFI Type III supporting organization's non-exempt-use assets would be made using the valuation methods generally applicable to

- private foundations under §53.4942(a)-2(c); and
4. Provided that, consistent with the private foundation rules, the "non-exempt-use" assets of a supporting organization do not include certain investment assets described in §53.4942(a)-2(c)(2) or assets used (or held for use) to carry out the exempt purposes of the supported organization(s) (as determined by applying the principles described in §53.4942(a)-2(c)(3)).

Final regulations issued in 2015

In December 2015, Treasury issued final regulations which adopted the 2012 proposed regulations without change, except to (1) conform the provision regarding the valuation of non-exempt-use assets to the section 4942 regulation provision that it cross-references (§53.4942(a)-2(c)(2)) and (2) replace references in §1.509(a)-4 to the temporary regulations with references to these final regulations. The effective date of the final regulations is December 21, 2015.

IRS extends due dates for 2015 Forms 1094-B, 1095-B, 1094-C, and 1095-C

As a result of the Patient Protection and Affordable Care Act of 2010 (ACA), employers and health insurers are required to provide certain information to the Internal Revenue Service (IRS) and covered individuals regarding health insurance coverage for calendar year 2015.

Internal revenue code (IRC) section 6056 requires applicable large employers, generally employers with at least 50 full-time employees, to report to the IRS information about the health care coverage, if any, they offered to full-time employees. IRC section 6055 requires anyone that provides minimum essential health insurance coverage during a calendar year to disclose certain information.

Notice 2016-4 extends the due dates for furnishing (to individuals) and filing (with the IRS) Forms 1095-C, *Employer-Provided Health Insurance Offer and Coverage*, and Forms 1095-B, *Health Coverage*, as well as their associated transmittal forms. The extensions apply without any action on the part of affected taxpayers. The following chart shows the original and extended due dates:

Action	Original due date	Extended due date
Furnish Forms 1095-B, 1095-C	February 1, 2016	March 31, 2016
File Forms 1094-B, 1095-B, 1094-C, 1095-C (if filing electronically)	March 31, 2016	June 30, 2016
File Forms 1094-B, 1095-B, 1094-C, 1095-C (if not filing electronically)	February 29, 2016	May 31, 2016



Find it Fast

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IRS extends due dates for 2015 Forms 1094-B, 1095-B, 1094-C, and 1095-C

IRS issues revenue procedures for 2016

Did you know?

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IRS issues revenue procedures for 2016

The IRS has updated various revenue procedures that affect exempt organizations for 2016.

[Rev. Proc. 2016-1](#) provides revised procedures for letter rulings, information letters, and determination letters affecting exempt organizations.

[Rev. Proc. 2016-2](#) provides revised rules for technical advice memos.

[Rev. Proc. 2016-3](#) provides a revised list of areas of the Internal Revenue Code (IRC) under the jurisdiction of the Associate Chief Counsel relating to issues on which the IRS will not issue letter rulings or determination letters.

[Rev. Proc. 2016-4](#) contains the IRS's general procedures for employee plan and exempt organization letter ruling requests. Revised procedures are provided for furnishing ruling letters and information letters on matters related to sections of the IRC currently under the jurisdiction of the Commissioner, Tax Exempt, and Government Entities Division.

[Rev. Proc. 2016-5](#) updates and merges Rev. Proc. 2015-5 and Rev. Proc. 2015-9 into one annual revenue procedure and provides the procedures for issuing determination letters on the exempt status of organizations under Sections 501 and 521 of the Internal Revenue Code.

[Rev. Proc. 2016-8](#) provides the new user fee schedule as it pertains to requests for letter rulings, determination letters, etc., on matters under the jurisdiction of the Commissioner, Tax Exempt, and Government Entities Division.

[Rev. Proc. 2016-10](#) provides updated procedures for issuing determination letters on private foundation status under IRC section 509(a), operating foundation status under section 4942(j)(3), and exempt operating foundation status under section 4940(d)(2) of organizations exempt from federal income tax under section 501(c)(3). This revenue procedure also applies to the issuance of determination letters on the foundation status under section 509(a)(3) of nonexempt charitable trusts described in section 4947(a)(1).

Did you know?

President signs Protecting Americans from Tax Hikes Act

On December 18, 2015, President Obama signed into law

the Protecting Americans from Tax Hikes Act (a component of H.R. 2029) that includes, among other provisions, the following:

- A permanent extension of several business, individual, and charitable giving incentives (“extenders”) that expired on December 31, 2014;
- A renewal of a handful of extender provisions for five years; and
- An extension through 2016 of many other tax deductions, credits, and incentives.

IRS withdraws proposed regulations regarding substantiation of charitable contributions

In September 2015, the IRS and Treasury issued proposed regulations (REG-138344-13) addressing charitable contribution substantiation for donors. The proposed regulations described an alternative reporting method to the contemporaneous written acknowledgement requirement for substantiating charitable contribution deductions of \$250 or more. The alternative reporting method would have required donee organizations to collect donors' names, addresses, and tax identification numbers.

Treasury and the IRS received numerous comments from the public on the proposed regulations. Many commenters expressed concerns regarding the collection of tax identification numbers. In response to such comments, the IRS and Treasury withdrew the proposed regulations on January 7, 2016.

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.



Driving Enterprise Value

Audit committees and CFOs: Building an effective partnership January 27 3:00 PM ET

An audit committee's role and experience makes it a valuable relationship for a CFO to focus on. What do audit committees generally expect from their CFOs and how can CFOs deliver effectively? Explore these and other lessons learned from interviews with audit committees and discover how CFOs who address these lessons early on can create a context for both parties to effectively work together.

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International Tax

Analytics: New fuel to power international tax planning January 28 2:00 PM ET

Today's analytics methodologies and technologies can provide a new level of granular insight into the data used for international tax filings. How can the analysis and visualization of that data inform international tax planning in previously unimaginable ways? Explore the many ways analytics can be used for international tax planning purposes.

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Private Companies

Economic outlook 2016: Will it be a breakout year? February 2 2:00 PM ET

There has been steady growth in the US economy, but circumstances abroad need to be watched as they could have an impact here at home. What do current indicators say about 2016, and how should mid-market and private companies proceed? Learn what might lie ahead in 2016 for the US and global economy and potential implications for mid-market and private companies.

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HR Executives

The culture challenge: Tackling one of HR's top issues today February 9 2:00 PM ET

Many forces are converging to make cultural alignment a priority for businesses. How can HR executives more actively manage culture to drive critical business outcomes? Learn how HR executives can drive a new, winning culture and model key behaviors that enable profitable business growth.

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Governance, Risk & Compliance

Risk sensing: The evolving state of the art February 10 2:00 PM ET

Organizations have developed risk sensing capabilities in response to economic upheaval, market evolution, regulatory demands, and technological change. But how organizations define, design, and deploy those capabilities can influence the success and sustainability of their risk sensing programs. Explore results of a Deloitte and Forbes Insights survey on risk sensing and how executives are using those capabilities to gain a competitive edge.

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Health Sciences

Retail health and wellness: How two converging industries are impacting care and outcomes February 16 1:00 PM ET

Changes in consumer expectations, policy, and market forces are contributing to the rise of retail clinics. How can retailers capitalize on, and encourage, the idea that success will be measured by keeping individuals healthy? Learn how a converged retail health and wellness model could address current and future health care needs across much of the US population.

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Global Mobility, Talent & Rewards

Global pension update: Recent tax law developments in the UK, Canada, and US February 16 2:00 PM ET

High-income-earning, globally mobile executives can be subject to tax laws in various jurisdictions. What recent global pension developments in major jurisdictions could impact your company's executives? Stay abreast of current pension-related tax law developments in the UK, Canada, and US.

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Tax Operations

Tax technology architecture: Bridging the gap between tax and the broader business February 17 2:00 PM ET

Tax applications are often a patchwork quilt that can create challenges for tax planning and compliance. How can tax technology and data architecture help draw together various components and align them with the broader business? Learn how tax technology and data architecture can help align tax and business operations.

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International Tax

BEPS update: Navigating a new global tax landscape February 24 2:00 PM ET

The OECD's final Base Erosion and Profit Shifting (BEPS) guidance is far-reaching and has implications beyond the tax function. What are potential impacts for your organization, and how can you prepare to discuss them with your business leaders? Learn about the latest BEPS developments and how your company can plan for the new global tax environment going forward.

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Driving Enterprise Value

Technology trends in 2016: What should CFOs focus on? February 24 3:00 PM ET

The evolution of technology continues at a dizzying pace, transforming how businesses operate and compete. What recent developments could impact how finance organizations operate in 2016 and beyond, and how can finance work with IT to prioritize the right solutions? Learn about results of Deloitte's research and potential impacts of emerging technology trends on finance organization performance and investment priorities.

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Multistate Tax

State income taxation of pass-through entities: Navigating the complexities March 1 2:00 PM ET

Today's corporate organizational structures often include pass-through entities. What should tax executives know about the increasingly complex state tax treatment of partnerships and limited liability companies? Keep up to date on this important and complex area of state taxation.

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Business Strategy & Tax

Global business expansion: Tax considerations for finance executives March 7 2:00 PM ET

With increasing confidence in the economy, companies are looking to grow revenues and increase profitability by expanding sales and operations into new geographies. What should financial executives know about tax implications associated with global expansion? Learn about the important role that tax planning may play in your company's growth.

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Federal Tax

Subchapter C update: Recent developments and opportunities March 8 2:00 PM ET

The Subchapter C area of tax focuses on the taxation of corporate transactions, including acquisitions, incorporations, domestic and international reorganizations, liquidations, distributions, redemptions, and dispositions. What are some of the recent technical developments, opportunities, and marketplace trends in the Subchapter C area that can impact your company? Learn about the latest developments in the Subchapter C area and the potential implications for your company's corporate tax transactions.

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Health Sciences

New approaches to chronic disease management March 15 1:00 PM ET

Health care providers and health plans have promoted disease management programs for decades. However, the changing health care environment has provided incentives for more stakeholders to get involved in chronic disease management (CDM). Explore the incentives, trends, and potential of CDM programs and how CDM offers the opportunity to improve health and reduce costs to the health care system.

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Tax Controversy

Equitable considerations in tax controversies: Remedies beyond the Internal Revenue Code March 16 2:00 PM ET

Both taxpayers and the IRS can find themselves in situations where application of the Internal Revenue Code and Treasury Regulations can create unintended results or inequitable outcomes. Over the years, courts have developed equitable doctrines to remedy some inequitable outcomes. It is helpful for taxpayers and tax practitioners to have a basic understanding of the elements of these doctrines and potential areas where they could be applicable. Gain a better understanding of equitable principles and considerations.

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HR Executives

Leadership development: Unleashing your organization's potential March 16 2:00 PM ET

Many companies that do not make effective investments in their leadership development programs struggle with their leadership pipeline. How can HR executives affect change that will lead to stronger leadership pipelines? Understand where opportunities for improvement in leadership development exist today and discover new ways to build your organization's leadership pipeline for the future.

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Driving Enterprise Value

Developing insightful management information: Opportunities and challenges for CFOs March 23 3:00 PM ET

Finance's ability to provide insights for decision-making is fast becoming a competitive advantage. What role do CFOs play in developing management information, a vital element of finance's ability to provide those insights? Learn results of a recent Deloitte survey of over 600 senior finance executives from around the world and how they are producing actionable management information.

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Financial Reporting for Taxes

Financial accounting and reporting for income taxes: Current developments and interim reporting complexities March 28 2:00 PM ET

The financial accounting rules applicable to accounting for income taxes in interim and annual periods are different. Tax legislation and standard-setting developments can potentially impact a company's financial accounting and reporting of income taxes in both periods. What are the latest changes that may be important to consider, and what do you need to know to prepare for the complexities of interim financial reporting? Gain valuable insights on the latest developments and areas of complexity related to interim financial reporting for taxes.

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Tax Operations

Tax operations planning for business combinations and carve-outs: Expect the unexpected March 31 2:00 PM ET

Tax departments often underestimate the amount of incremental work associated with preparing for and operationalizing M&A and carve-out transactions. What common issues create this level of incremental demands for tax departments? Learn valuable ways to prepare for the burdens these specific business transactions can place on tax departments.

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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

Frank Neczypor — Boston

fneczypor@deloitte.com

+1 617 437 2728

Diana McCutchen — Costa Mesa

djmccutchen@deloitte.com

+1 714 436 7702

**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

Yvette Woods — McLean

ywoods@deloitte.com

+1 703 251 1420

Joan McMahon — San Francisco

jmcmahon@deloitte.com

+1 415 783 5568

Kristina Rasmussen —

Minneapolis

kasmussen@deloitte.com

+1 612 397 4178

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