



Tax News & Views Health Care Edition

IRS advisory committee on tax-exempt and government entities releases its annual report

The Internal Revenue Service (“IRS”) Advisory Committee on Tax Exempt and Governmental Entities (“ACT”) released its annual report on June 8, 2016. The ACT is a group of external stakeholders who advise the IRS on operational policy, programs and procedural improvements with respect to employee plans, tax-exempt organizations, tax-exempt bonds, and federal, state, local, and Indian Tribal governments. The ACT also enables the IRS to receive regular input on the development and implementation of IRS policy concerning these communities. This year, the ACT’s 2016 Report of Recommendations focused on the following topics:

- **Employee Plans:** Analysis and Recommendations Regarding Changes to the Determination Letter Program

- **Exempt Organizations:** Stewards of the Public Trust: Long-Range Planning for the Future of the IRS and the Exempt Community
- **Federal, State, and Local Governments:** Revised FSLG Trainings and Communicating with Small Local Governments
- **Indian Tribal Governments:** Survey of Tribes Regarding IRS Effectiveness with Current Topics of Concerns and Recommendations
- **Tax-Exempt Bonds:** Recommendations for Continuous Improvement and Enhancing Resources in the Tax Exempt Bond Market

The Exempt Organizations section of the report addresses the future of IRS exempt organizations function. In January of 2015, the Office of the General Counsel took over responsibility for all formal guidance from exempt organizations. This shifted the focus

Find it Fast

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IRS issued proposed regulations on deferred compensation rules for tax-exempt organizations

House GOP tax reform blueprint proposes across-the-board rate cuts, move to territorial tax system

Did you know?

of the IRS exempt organizations function from a regulator of tax-exempt organizations to a tax administrator. The ACTS consulted with IRS exempt organization function staff about current and future issues facing the IRS. In its 2016 report the ACT focused on what this shift in focus means for the IRS exemption organizations functions and how it should plan for the next two to three decades.

In preparing the report, the ACT conducted interviews with nonprofit leaders nationally and internationally and included nonprofit association leaders, in-house counsel at leading nonprofit institutions, academics, leading practitioners in the fields of nonprofit law, fundraising and accounting and a significant number of experts in the international nonprofit community. Out of these conversations common themes which were the basis for the ACT's specific recommendations:

1. Ensure that EO staff are equipped to carry out the responsibilities of EO.
2. Provide leadership and guidance on major issues impacting the exempt organizations sector, both current and those anticipated in the near future.
3. Give exempt organizations the tools they need to be tax compliant:
 - a. Detailed audit data.
 - b. Relevant, user-focused guidance, akin to former CPE text.
 - c. An easily navigated website.
4. Assure cyber integrity through technology tools, data collection and secured cyber storage.
5. Release and share data where appropriate for public use.
 - a. IRS information sharing with state charities officials.
 - b. Electronic filing and dissemination of IRS information.
6. Foster two-way communication between the IRS Exempt Organizations division and the nonprofit sector.
 - a. Find ways to solicit input from a greater number of voices (including small nonprofits) and provide open channels for stakeholders to take issues to the IRS.
 - b. Revise the Determination Letter to educate exempt organizations on their tax obligations and responsibilities.
 - c. Use current technology to communicate with exempt organizations.
 - d. Increase the availability of strong expert resources through IRS TE/GE phone customer service.

A full copy of the [annual report](#) is available on the IRS website.

IRS issued proposed regulations on deferred compensation rules for tax-exempt organizations

Proposed regulations published in the Federal Register on June 22, 2016, provide long-awaited guidance on deferred compensation plans for tax-exempt and governmental employers. Proposed regulations were published under sections 409A and 457 of the IRC.

[Section 409A Regulations](#)

The proposed section 409A regulations affect participants, beneficiaries, sponsors, and administrators of nonqualified deferred compensation plans of all employers. The proposed regulations clarify that the rules under section 409A apply to nonqualified deferred compensation plans separately and in addition to the rules under section 457A. In addition, the proposed regulations clarify and/or modify some provisions of the final regulation issued in 2007 and replaced the provision on the calculation amounts includable in income under section 409A(a)(1) from the 2008 proposed regulations.

The proposed section 409A regulations are generally proposed to apply once final regulations are published, but some of the provisions "are not intended as substantive changes" to the existing final regulations and thus do not have a prospective applicability date.

[Section 457 Regulations](#)

The proposed section 457 regulations, affect participants, beneficiaries, sponsors, and administrators of certain plans sponsored by State or local governments or tax-exempt organizations that provide for a deferral of compensation. The proposed regulations provide rules for determining when amounts deferred under those plans should be included in income, the amounts that should be included in income, and the types of plans that are not subject to section 457. Further the proposed regulations define deferral of compensation and address the interaction between section 457(f) and section 409A.

The proposed section 457 regulations generally are proposed to apply to calendar years beginning after final regulations are published, but there are special applicability dates for collective bargaining agreements, part-year compensation, and governmental plans requiring legislation for plan amendments. IRS and Treasury expect these regulations to be finalized after the proposed section 409A regulations are finalized.

House GOP tax reform blueprint proposes across-the-board rate cuts, move to territorial tax system

House Republicans on June 24 released their highly anticipated tax reform blueprint that calls for cutting tax rates for corporations, passthrough businesses, and most individuals; adopting a territorial system for taxing foreign-source income of US multinationals; and moving the US toward a cash-flow tax system without adopting an explicit consumption levy such as a national sales tax or value-added tax.

Please refer to the June 24th issue of [Tax News & Views](#) for additional discussion.

Did you know?

2015 was a record year for charitable giving

A record \$373.3 billion was given to charities in the U.S. during 2015 with more than two-thirds (\$264.6 billion) coming from individuals according to a report written and researched by the Indiana University Lilly Family School of Philanthropy. This represents a 4.1% increase in giving over 2014. The report sites that the smaller gifts totally \$10 to \$20 helped drive a 3.8% increase in total giving by individuals.

Electronically filled Form 990 data now available in machine-readable format

Following feedback from outside partners, the IRS announced that publicly available Form 990, Form 990-EZ, and Form 990-PF data will be made available as an XML file which is available for download from the web via Amazon Web Services. Previously, this data has only been available as image files which were written to DVDs for filing from 2011 to the present. Certain donor information and personally identifiable tax-identification numbers will be redacted to prevent data misuse.

XML files will not be made available for paper filed versions of the Form 990, Form 990-EZ, and Form 990-PF. This does not apply to data from Form 990-N e-postcard which is available through www.irs.gov. Both paper and electronically filed returns will continue to be available as image files written to DVDs.

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.

Technology Executives

Digital business: Balancing risk, disruption, and innovation

July 14 2 PM ET

Digital technology often fuels disruption, yet few organizations adequately prepare for the operational and strategic disruption these technologies could drive in their business. How can companies transform their technology strategies, processes, and business cultures to usher in the digital era? Learn about intriguing findings from the fifth annual MIT Sloan Management Review and Deloitte study and hear what these findings could mean to your enterprise and IT organization.

[Register or View archive](#) 

HR Executives

HR and design thinking: Architecting the employee experience

July 20 2 PM ET

Design thinking takes aim at unnecessary workplace complexity by putting employee experience first. How can design thinking help move HR's focus beyond building programs and processes to creating meaningful employee experience? Discover how design thinking can help create HR solutions that improve employee satisfaction, engagement, and productivity.

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Private Companies

Corporate wellness and the bottom line: A private company, mid-market perspective

July 21 2 PM ET

Some 70 percent of all employers today offer wellness programs for their employees. What tangible and intangible benefits do such programs offer, and what factors should private and mid-market companies consider as they develop wellness strategies? Learn how a corporate wellness strategy can generate a solid return on investment while encouraging healthy habits among your employees and even bolstering recruitment.

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Federal & State Government

Prescribing treatment for the opioid epidemic: Joint public-private initiatives take shape

July 26 2 PM ET

Opioid abuse is quickly growing into a major public health crisis in the US. With the problem now receiving focused attention from many government stakeholders, what is being done? Explore these emerging trends and discuss the implications for employers, health care providers, and government officials.

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Health Sciences

Attention health care shoppers: Are consumers changing the insurance industry?

July 27 1 PM ET

The public health insurance exchanges have been in operation for nearly three years now. At their start, many believed they would create a groundswell of consumerism in health insurance. Has reality caught up to the hype? Explore how health care consumers' expectations are changing and what it means for the future of the US health insurance industry.

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Driving Enterprise Value

What financial, economic, and political issues are keeping CFOs up at night?

July 27 3 PM ET

CFOs face a staggering range of challenges today. What are leading CFOs thinking and doing in response? Learn about findings from recent Deloitte research and client interactions to gain insights around actions that leading CFOs are taking to address the current financial, economic, and political environment.

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 **Global Mobility, Talent, & Rewards**

Tax reporting for the Affordable Care Act: Clearing the higher bar in 2016

August 3 2 PM ET

For tax year 2015, companies had to demonstrate 70 percent compliance with ACA rules, and a good faith effort could avert penalties for inaccurate reporting. In 2016, the standard is 95 percent. What should you know? Learn about important factors for addressing 2016 compliance requirements.

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 **Health Sciences**

Health care innovation: Where is long-promised transformation really happening?

August 16 1 PM ET

New solutions in the health care industry are still needed given the ongoing high cost and variable quality of care, along with uneven access to care. While innovations to address these problems are widely touted, which ones could actually have a transformative impact on the industry? Explore the latest innovations that are transforming the US life sciences and health care industry.

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 **HR Executives**

Corporate learning: Employees take charge

August 17 2 PM ET

Corporate learning departments are changing from education providers to content curators and experience facilitators. Why is this transformation important, and how are companies developing innovative platforms that turn employee learning and development into a self-driven pursuit? Explore how internally focused, corporate-centric learning environments are rapidly evolving into learner-centric user experiences.

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 **Driving Enterprise Value**

Procurement's evolving role: Questions CFOs should be asking

August 24 3 PM ET

A year after being tasked with supporting top-line growth, chief procurement officers (CPOs) are now being asked to focus on cost control amidst increased economic uncertainty. What is procurement's capacity for delivering incremental cost savings, and how can CFOs harness it? Learn results from Deloitte's fifth annual Global CPO Survey and explore questions CFOs can ask to guide procurement's efforts.


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 **Governance, Risk & Compliance**

Cyber risk management: Why threat intelligence requires business intelligence

August 25 2 PM ET

A surprisingly high number of cyber incidents are detected not by the targeted organization, but by third parties. As enterprises grow more complex and cyberattackers become more skilled at evading detection, how can organizations better identify threats? Learn how risk-centered security operations can help organizations better balance the drive to grow and innovate with the need to guard against cyberattacks.

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 **Transactions & Business Events**

Driving down risk: Illuminating the blind spots in your business relationships

August 31 2 PM ET

With globalization spawning multi-tiered supply chains, private and public organizations alike can become more susceptible to risks posed by third parties. What can be done to address those risks? Learn ways to address the growing risks associated with extended supply chains and third-party relationships.

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