

Tax News & Views Health Care Edition

Internal Revenue Service releases tax exempt and government entities priorities for FY 2016

The Internal Revenue Service (IRS) Commissioner of the Tax-Exempt and Government Entities (TE/GE) division, Sunita Lough, recently released a program letter for fiscal year 2016 outlining TE/GE's priorities and focus for the coming year. The program letter indicates that TE/GE continues to focus on five key areas, including:

1. Continuous improvement
2. Knowledge management
3. Employee engagement and development
4. Data-driving decision making
5. Risk management

In response to feedback received on FY15's program letter, the Commissioner has provided specific information in the FY16 program letter regarding plans and priorities for TE/GE in the form of Workplan Briefings.

In the area of continuous improvement, the Exempt Organizations (EO) determinations unit implemented changes in FY15 to the exemption application process. EO now assigns determinations applications directly to specialists rather than waiting for requests by agents or managers for new cases. In addition, rather than holding cases in suspense for 90 days, EO now closes cases within a 35-day time frame if an applicant fails to respond to a request for additional information. EO states that these changes have reduced cycle time, benefiting both applicants and the IRS. In FY16, EO will work on several additional long-term projects, such as evaluating the Form 1023-EZ process, developing a program to make Forms 990 available in Modernized e-File format, and simplifying tax forms and enhancing their digital functionality.

With regard to knowledge management (KM), the Commissioner states that TE/GE has made tremendous progress in developing a KM framework. Specifically, TE/GE created and launched Knowledge Networks and began building knowledge libraries to provide technical assistance to TE/GE employees and managers on cases and issues in a collaborative environment.

Included in the program letter is a Workplan Briefings which highlights the focus areas for the EO unit. The briefing highlights four areas of focus: Examinations, Determinations, Processing, and Technical.

Examinations — The Commissioner states that EO's overarching compliance strategy is to ensure organizations enjoying tax-exempt status comply with the requirements for exemption and adhere to all applicable federal tax laws. In accomplishing this goal, EO will use educational efforts, compliance reviews, compliance checks, and correspondence and field examinations. Through this process, EO will focus resources on five strategic issue areas:

- *Exemption:* Issues include nonexempt purpose activity and private inurement, enforced primarily through field examination;
- *Protection of assets:* Issues include self-dealing, excess benefit transactions, and loans to disqualified persons, enforced primarily through correspondence audits and field examination;
- *Tax gap:* Issues include employment tax and Unrelated Business Income Tax liability, enforced through compliance checks, correspondence audits, and field examination;
- *International:* Issues include oversight on funds spent outside the US, including funds spent on potential terrorist activities, EO operating as foreign conduits, and Report of Foreign Bank and Financial Accounts requirements, enforced through compliance reviews, compliance checks, correspondence audits, and field examination; and
- *Emerging issues:* Issues include nonexempt charitable trusts and IRC 501(r), enforced through compliance reviews, correspondence audits, and field examination.

EO's compliance strategy will also include oversight of tax-exempt hospitals with certain compliance issues related to the Patient Protection and Affordable Care Act (ACA). This oversight includes conducting reviews of hospitals' compliance with ACA as described in IRC section 501(r).

Determinations — In FY 2016, EO Rulings and Agreements anticipates having 100 determination specialists to review Form 1023 and Form 1024 application receipts and to participate in pre-determination reviews of sampled Form 1023-EZ receipts. EO anticipates that efficiencies gained through streamlined case processing and continue improvements will allow determinations to generally keep pace with current inventory levels and ensure timeliness of application case processing.



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Processing — EO will continue to reduce its correspondence inventory, and EO has implemented a new, customer service-focused process to help prevent erroneous revocations. In FY 2015, this has resulted in preventing over 1,000 erroneous revocations, and EO will refine and formalize this process in FY 2016.

Technical — EO will continue to aggressively build out its KM program through additional staff participation and accumulation of tax law content. A fully functional KM program will improve collaboration between employees, which will mitigate risks and benefit employee engagement. Additionally, EO expects the overall knowledge base of employees to improve, which will drive improvements in technical quality and consistency of work completed within EO.

Did you know?

Georgia reenacts sales and use tax exemptions for nonprofit health centers

The State of Georgia recently enacted House Bill 426, which reenacts and amends sales and use tax exemptions applicable to nonprofit health centers and nonprofit volunteer health clinics. These exemptions were previously in effect from July 1, 2008, to June 30, 2010. The amended law, which adds informational requirements that taxpayers must satisfy in order to claim the exemptions, is effective for the period of July 1, 2015, to June 30, 2018.

Adjusted annual amount for Patient-Centered Outcomes Research Institute fee

Notice 2015-60 provides the adjusted applicable dollar amount to be multiplied by the average number of covered lives for purposes of calculating the Patient-Centered Outcomes Research institute fee for policy years and plan years that end on or after October 1, 2015, and before October 1, 2016. The applicable dollar amount is \$2.17 per covered life, up from \$2.08 for the previous year. The amount is paid by certain health insurance policies and applicable self-insured health plans.

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.



Investment Management

Investment management tax developments in 2015: Key highlights for year-end November 2 2:00 PM ET

Given marketplace uncertainties, the investment management industry can benefit from having a keen focus on responding to the evolving regulatory landscape and meeting the expectations and demands of regulators, investors, shareholders, and other stakeholders. What are key tax developments and trends from 2015 that should be top of mind?

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Technology Executives

Global CIOs speak out: What's important now and in the future? November 5 2:00 PM ET

In an era of relentless business disruption, CIOs must work to develop and sustain competitive advantage through technology. What attributes, relationships, competencies, and technologies are enabling CIOs be successful?

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HR Executives

Simplification of work: The coming revolution? November 12 2:00 PM ET

Many workforces today are overwhelmed by always-on technology, global 24/7 demands, and social technology proliferation. How can HR executives help business leaders simplify?

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Transactions & Business Events

Crisis management vs. reality: Are you as prepared as you think? November 16 2:00 PM ET

Many companies today have business continuity programs to anticipate serious, unexpected events. How can you know if you have invested in the right areas and whether the program will yield expected benefits when faced with a novel crisis?

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Health Sciences

Anytime, anywhere care: Accelerating the adoption of connected health November 16 1:00 PM ET

The demand for value is prompting health care organizations to find more efficient and effective ways to improve care. This includes making services more accessible through facilitating patient-provider connectivity anytime and anywhere through connected health — a system that enables integrated care delivery through leveraging existing technology.

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Financial Reporting

EITF roundup: Highlights from the November meeting November 17 2:00 PM ET

The FASB's Emerging Issues Task Force (EITF) will meet in November to review emerging issues. We'll discuss the results of this meeting.

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Driving Enterprise Value

M&A finance: More than finance function integration or separation November 18 3:00 PM ET

In today's hot M&A environment, integrating or separating an acquired or divested company's ledgers, people, and sites is not enough. What are CFOs now expected to do, and how can they deliver?

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Business Strategy & Tax

Onshore, offshore, or nearshore: Where will shared services go next? December 7 2:00 PM ET

As businesses have evolved in recent years to enable process efficiencies and stay competitive, the location of talent has become a vital part of their strategies. What recent developments should CFOs know about shared service centers and how can tax planning take these talent strategies to the next level?

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Transactions & Business Events

2016 economic outlook and M&A environment forecast: A global economy in flux December 9 2:00 PM ET

As 2015 comes to a close, many companies remain challenged as they assess the impact of European economic growth in contrast to a weakened Chinese economy and an uncertain oil and gas market. What is the outlook for this increasingly complex global deal environment in 2016?

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Insurance

Insurance regulation outlook: What is new, what has changed, and who could be impacted? December 14 12:00 PM ET

The regulatory environment remains a hot issue for insurers. What are recent developments, and what could the future hold?

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Financial Reporting

Quarterly accounting roundup: An update on important developments December 15 2:00 PM ET

Do you know what issues the standard-setters and regulators have been addressing lately?

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Health Sciences

2016 outlook: What's ahead for life sciences and health care? December 15 1:00 PM ET

Rapid change is dominating the health care landscape. As life sciences and health care organizations look ahead to 2016, what strategic priorities and trends should they be mindful of?

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