

## Private Foundations Bulletin

# 'Tis the Season for Tax Changes: Excise Tax Simplification and Qualified Transportation Fringe Benefits Tax Repeal

While aboard Air Force One on December 20, 2019, the President signed into law H.R. 1865 the "Further Consolidated Appropriations Act, 2020." This legislation includes two major provisions that have a significant impact on the private foundation sector. These provisions are:

- The simplification of the excise tax on net investment income; and
- The retroactive repeal of the unrelated business income tax on qualified transportation fringe benefits.

### Excise Tax Simplification

The legislation changes the excise tax on net investment income for private foundations to a single flat tax rate of 1.39%. This eliminates the dual tax rates that currently allow private foundations to reduce their tax rate from 2% to 1% if certain distribution requirements are met. This provision will be effective for tax years beginning after the date of enactment.

### Qualified Transportation Fringe Benefits Repeal

The legislation repeals the unrelated business income tax on qualified transportation fringe benefits. The repeal is retroactive to the original date of enactment. Foundations may file amended returns to claim a refund for taxes paid related to expenses paid or incurred after December 31, 2017.

### Contact Us

We welcome the opportunity to answer any questions you may have related to this topic or any other accounting, audit, tax or advisory matters relative to private foundations. Please call 212.286.2600 or email any of the Private Foundation Services team members below:

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