

TAX REFORM: IMPACT ON NOT-FOR-PROFITS



PROVISION	CHANGE	PROJECTED IMPACT
Charitable Deduction	Limit increased to 60% of a donor's adjusted gross income for cash donations to public charities and certain other organizations	May incentivize donors to contribute more to claim the maximum deduction
Employee Fringe Benefits	Organizations that provide their employees with certain fringe benefits may be subject to unrelated business income tax (UBIT)	An organization's taxable income will be increased by the amount spent on parking, transit passes and other transportation benefits for employees
Excise Tax for Private Colleges and Executive Compensation	Certain private colleges and universities will have a 1.4% excise tax imposed on net investment income 21% excise tax on any organization with excessive executive compensation, typically wages over \$1 million	More tax for large university endowments More costly to attract and retain top talent
Standard Deduction	Increased to \$12,000 for single filers, \$18,000 for head of household and \$24,000 for married filing jointly	More taxpayers will take the standard deduction Itemized deductions predicted to drop by \$95 billion in 2018 Estimated \$13 billion drop in charitable giving
State and Local Tax Deductions	Previously unlimited, now limited to \$10,000 deduction for state and local income taxes and property taxes	May pressure state and local governments to enact tax and spending cuts
Estate Tax	Doubles the exemption to \$11.18 million for individuals and \$22.36 million for married couples	Estimated to lower charitable giving by \$4 billion per year May lead to more lifetime giving
Corporate Tax Rate	Reduced corporate rates to a flat 21%	May incentivize corporations to donate more with extra money due to lower tax rates
Unrelated Business Income Tax (UBIT)	Must calculate on each trade or business Lowers max corporate rate from 35% to 21%	Impact unknown

To learn more about our services or arrange meeting with our team, please contact:

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