

Bond Case Briefs

Municipal Finance Law Since 1971

Six Things a 501(c)(3) Should Know About the Tax Cuts and Jobs Act: Squire Patton Boggs

With the flurry of news regarding how tax-exempt bonds were affected by the Tax Cuts and Jobs Act ("TCJA"), some of you may have missed what else was included in the TCJA. Here are six things a 501(c)(3) organization should know (other than that TCJA did not eliminate tax-exempt qualified 501(c)(3) bonds):

1. Fewer individuals will be claiming itemized deductions, so fewer people will get a tax benefit from making a charitable contribution, which could cause a decline in such contributions.
2. The estate tax exclusion amount is raised through 2025 to \$10 million, so fewer people will have an incentive to make charitable bequests. Because of inflation adjustments, the actual dollar amount of the exclusion in 2018 is expected to be about \$11 million.
3. There will no longer be a charitable deduction for college athletic seating rights. I suspect that Buckeye ticket sales will be unaffected.
4. Unrelated business taxable income ("UBTI") must now be calculated separately for each unrelated trade or business activity. Because losses from an unprofitable trade or business can't be used to offset income from a profitable one, the result will be more UBTI. Also, organizations will need to determine which unrelated trade or business activities are separate trades or businesses.
5. There is a 21% excise tax imposed on remuneration exceeding \$1 million paid by tax-exempt employers to a "covered employee" or on "excess parachute payments." Covered employees are generally individuals who are or were one of the five highest paid employees, and excess parachute payments are certain large severance payments.
6. Colleges and universities with endowments exceeding \$500,000 per student will generally owe an excise tax of 1.4% on their net investment income.

For more details, see [this alert](#) from our SPB colleagues.

By Alexios Hadji on February 8, 2018

The Public Finance Tax Blog

Squire Patton Boggs

Copyright © 2025 Bond Case Briefs | bondcasebriefs.com