

Bond Case Briefs

Municipal Finance Law Since 1971

IRS Provides Additional Relief for Tax-Exempt Hospitals.

Deadline for completing certain needs assessment requirements moved to Dec. 31

WASHINGTON — Because of the burdens the COVID-19 pandemic has placed on hospitals, the Internal Revenue Service today provided additional relief to hospital organizations that must meet the Community Health Needs Assessments (CHNA) requirements.

[Notice 2020-56](#) extends the deadline for conducting a CHNA and adopting an implementation strategy to meet the community health needs identified through the CHNA to Dec. 31, 2020.

Tax-exempt hospital organizations filing Forms 990 must indicate on Schedule H if they have conducted a CHNA in the current taxable year or in either of the two immediately preceding taxable years and if they have adopted an implementation strategy to meet the significant health needs identified through the most recently completed CHNA. Since these requirements may affect the hospital's tax-exempt status and because the law imposes a \$50,000 tax on a hospital organization for each hospital facility that fails to meet either or both of these requirements, the extension provided in the notice provides significant relief.

Under Notice 2020-56, the time for hospitals to comply with any CHNA requirements due to be performed on or after April 1, 2020, and before Dec. 31, 2020, is extended to Dec. 31, 2020.

Previously, the IRS issued guidance extending the due date to July 15, 2020; today's guidance further extends that due date.

Hospitals using the relief in today's notice that file Form 990 prior to Dec. 31, 2020, should state in the narrative of Part V.C. of Schedule H (Form 990) that they are eligible for and are relying on the relief provided in the notice, and should not be treated as failing to meet the requirements of section 501(r)(3) prior to Dec. 31, 2020.

Additional tax relief related to the COVID-19 pandemic can be found on [IRS.gov](#).

Tax Analysts

July 14, 2020