KEY PROVISIONS FOR CHARITABLE & NONPROFIT SECTOR

Individual:

- Creates four tax brackets: 12%, 25%, and 35% and maintains 39.6% for high-income taxpayers.
- Nearly doubles the standard deduction.
- Maintains the current-law charitable deduction.
- Raises the 50% AGI limitation for cash contributions to public charities and certain private foundations to 60% percent. The provision would retain the 5- year carryover period to the extent that the contribution amount exceeds 60 percent of the donor's AGI.
- Phases in a full repeal of the estate tax in six years but immediately doubles the exemption.

Corporate:

- Lowers corporate rate to 20%.
- Creates a 25 percent rate for "pass through" businesses, which includes a "guard rail" provision that allows these entities to either claim only 30 percent of income as pass-through income or classify a high percentage of income as business income.
- Certain provisions directly related to exempt organizations:
- Imposes a 1.4 excise tax on the net investment income from private colleges and universities. The provision would only apply to private colleges and universities that have at least 500 students and assets (other than those used directly in carrying out the institution's educational purposes) valued at the close of the preceding tax year of at least $100,000 per full-time student. State colleges and universities would not be subject to the provision. The provision would be effective for tax years beginning after 2017.
- Repeals the Johnson Amendment as it pertains to certain churches, assuming the speech is in the ordinary course of the organization's business and its expenses are *de minimus*. This provision would be effective for tax years ending after date of enactment.
- Donor Advised Funds would be required to disclose annually their policies on inactive donor advised funds as well as the average amount of grants made from their donor advised funds.

KEY PROVISIONS FOR CHARITABLE & NONPROFIT SECTOR

- Streamlines the excise tax rate on net investment income to a single rate of 1.4 percent. Additionally, the rules providing for a reduction in the excise tax rate from 2 percent to 1 percent would be repealed. The provision would be effective for tax years beginning after 2017.
- Private foundations would be exempt from excess business-holdings tax if they own a for-profit business under these conditions: (1) the foundation owns all of the for-profit business' voting stock, (2) the private foundation acquired all of its interests in the for-profit business other than by purchasing it, (3) the for-profit business distributes all of its net operating income for any given tax year to the private foundation within 120 days of the close of that tax year, and (4) the for-profit business' directors and executives are not substantial contributors to the private foundation nor make up a majority of the private foundation's board of directors. This provision would be effective for tax years beginning after 2017.
- Extends UBIT rules to all 501(a) entities. The provision would be effective for tax years beginning after 2017
- Art museums claiming the status of a private operating foundation would not be recognized as such unless it is open to the public for at least 1,000 hours per year. The provision would be effective for tax years beginning after 2017.
- Repeals the special rule that provides a charitable deduction of 80 percent for college athletic event seating rights.
- Charitable mileage rate will be adjusted for inflation.
- Repeals exception that relieves a taxpayer from providing a contemporaneous written acknowledgment by the donee organization for contributions of $250 or more when the donee organization files a return with the required information.