

Annual Nonprofit Tax Update

2024 Christian Leadership Alliance Outcomes Conference

Session Description

New legislation, regulations, and court cases are a constant in the nonprofit tax landscape. We'll examine the current tax issues affecting Christian exempt organizations, including IRS actions, legislation, and nonprofit tax credits for energy-related projects.

Learning Objectives

- Identify tax challenges affecting ministries and plan for the changing environment for exempt organizations
- List recent tax law changes that affect ministries and churches
- Ascertain what future issues your organization may face

Key Takeaways

- Employee Retention Credit (ERC) – current state
 - Due dates for claiming the ERC:
 - April 15, 2024 – for 2020 quarters
 - April 15, 2025 – for 2021 quarters
 - Status of the IRS's moratorium on processing new ERC claims
 - The IRS is encouraging ERC claimants to reevaluate their eligibility with a trusted tax advisor
 - Three options for claims made in error:
 - Withdrawal Process – for applicants who have yet to receive or deposit their ERC funds
 - Voluntary Disclosure Program – for organizations that want to pay back the funds they received after filing ERC claims in error; applications were due March 22
 - Filing a Form 941-X
 - Tax Relief for American Families and Workers Act of 2024 – if the bill passes, it may terminate the ERC program early; would also extend the statute of limitations to six years
 - ERC resources and updates are available at capincrouse.com/erc
- Inflation Reduction Act (IRA) Energy Credits
 - Originally estimated \$370 billion in incentives for clean energy investments; 10-year lifespan of incentives
 - Investment Tax Credits and Production Tax Credits; both require some enhancements to maximize the percentage of the credit
 - The available tax credits include the following:

Section	Type of Technology	Types of Enhancement	Direct Pay Eligible?
30C	Alternative Fuel Vehicle Refueling	PWA	YES
45	Production Tax Credit	PWA, DC, EC	YES
45Q	Carbon Oxide Sequestration	PWA	YES
45U	Zero Emissions Nuclear Power Production	PW (no apprenticeship)	YES

(continued)

Section	Type of Technology	Types of Enhancement	Direct Pay Eligible?
45V	Clean Hydrogen Production	PWA	YES
45W	Qualified Commercial Clean Vehicles	N/A	YES
45X	Advanced Manufacturing Production	N/A	YES
45Y	Clean Electricity Production Credit (effective January 1, 2025)	PWA, DC, EC	YES
45Z	Clean Fuel Production	PWA	YES
48	Investment Tax Credit	PWA, DC, EC, EJ	YES
48C	Qualifying Advanced Energy Project	PWA	YES
48E	Clean Electricity Investment Credit (effective January 1, 2025)	PWA, DC, EC, EJ	YES

- Some of the most relevant credits for tax-exempt organizations relate to:
 - Investment Tax Credit (48)
 - Production Tax Credit (45)
 - New Energy-Efficient Homes (45L)
 - Alternative Fuel Vehicle Refueling (30C)
- Receiving the Direct Pay Benefit requires the following steps:
 1. Construct and implement the project that will generate the credit
 2. Register using the [IRS/CHIPS Pre-Filing Registration Tool](#); include the registration number on the tax return
 3. Claim the credit by filing the applicable tax return
 4. Receive the refund that can be used for future operations
- New [proposed donor advised fund regulations](#) address donor advised fund statutory provisions added to the Internal Revenue Code by the Pension Protection Act of 2006
- Supporting organization final regulations – made several changes to the requirements an organization must satisfy to qualify as a Type III supporting organization
- SECURE 2.0 created a requirement that catch-up contributions to a 403(b) or 401(k) plan (i.e., by persons over age 50) are required to be deposited in a Roth account within the plan effective January 1, 2024
 - Implementation delayed to January 1, 2026
- Beneficial ownership information reporting
 - As of January 1, 2024, many U.S. companies are required to report information about their beneficial owners to the Financial Crimes Enforcement Network (FinCEN)
 - Nonprofit entities are exempt from the filing requirement — including entities that assist nonprofit entities and subsidiary entities controlled by nonprofit entities

- FBAR reporting
 - Per the Bank Secrecy Act, every U.S. person (including individuals and corporations) must file a Report of Foreign Bank and Financial Accounts (FBAR) on FinCEN Form 114 to report a financial interest in accounts located outside the U.S. if the aggregate value of those accounts exceeds \$10,000 at any point in the calendar year
 - Individuals with signature authority over an account are also required to report
 - Penalties for noncompliance are steep
- Information on the most recent tax relief provisions for taxpayers affected by disaster situations is available at irs.gov/newsroom/tax-relief-in-disaster-situations
- [FY 2023 TE/GE Accomplishments Letter](#)
- The [IRS 2023-2024 Priority Guidance Plan](#) lists 237 guidance projects; those relevant to exempt organizations include:
 - Energy credits
 - Guidance revising Rev. Proc. 80-27 regarding group exemption letters. Notice 2020-36 was published on May 18, 2020.
 - Guidance under section 4966 regarding donor advised funds
 - Regulations under section 4967 regarding prohibited benefits, including excise taxes on donors, donor advisors, related persons, and fund management
- 2024 Key Tax Figures – download [our convenient table](#) for use throughout the year

Additional nonprofit resources, including articles, blog posts, and recorded webcasts, are available at capincrouse.com.

Questions? Contact:

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