

Private Foundations Bulletin

Here We Go Again: Proposed Private Foundation Excise Tax Simplification Act of 2019

In recent weeks, a bill was introduced in the House of Representatives entitled **Private Foundation Excise Tax Simplification Act of 2019** (the Bill). Similar to prior bills introduced, the stated goal of the Bill is to amend the Internal Revenue Code (IRC) of 1986 to modify the federal excise tax rate on net investment income for private foundations.

Modifications

Proposed modifications include:

- The Bill calls for a modification in the tax rate for the excise tax on net investment income. Under the proposed language, the IRC of 1986 would be amended, thereby reducing the 2% rate to a revenue-neutral rate of 1.39%.
- Additionally, the Bill calls for the elimination of the reduced tax rules that currently allow private foundations to reduce their tax rate from 2% to 1%, if certain distribution requirements are met. This provision would apply to taxable years beginning after the date of enactment.

The 1.39% private foundation excise tax provision was included in the **Taxpayer Certainty and Disaster Tax Relief Act of 2019** that passed the House Ways and Means Committee in June. The package has yet to be voted on.

Stand By

In all likelihood there will be changes to the Bill before it becomes law. We will keep you updated on any matters which may affect foundations and other exempt organizations.

Contact Us

We welcome the opportunity to answer any questions you may have related to this topic or any other accounting, audit, tax or advisory matters relative to private foundations. Please call 212.286.2600 or email any of the Private Foundation Services team members below:

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