

Private Foundations Bulletin

Foundations Breathe a Sigh of Relief – Senate Releases Its Version of The One, Big, Beautiful Bill

By the Private Foundation Services Team at PKF O'Connor Davies

Yesterday, Monday, June 16, the U.S. Senate Finance Committee released its version of “The One, Big, Beautiful Bill” (the tax bill). Most of the proposed provisions that would have directly impacted private foundations were removed. Below, we present a summary of those changes.

Pertinent Changes to the Bill

Under the U.S. Senate Finance Committee’s version, the following provisions were either removed or remained unchanged.

Removed:

- Graduated tax rate on net investment income based on a foundation’s assets (1.39% to 10.00%, based upon aggregate fair market value of all assets).
- Unrelated business taxable income increased by amount of certain fringe benefit expenses for which deduction is disallowed.
- Certain purchases of employee-owned stock disregarded for purposes of foundation tax on excess business holdings.

Unchanged:

- Expanding the application of the tax on excess compensation within tax-exempt organizations.

For more details on the original proposed provisions, please see our May 2025 Special Bulletin, [House Bill Proposes Increase in Excise Tax for Certain Foundations, Among Other Provisions](#).

Not Out of the Woods Yet

While foundations may breathe a sigh of relief, the bill still has a few more hurdles to go through before final passage. We will continue monitoring developments out of Washington, D.C., and will keep you informed as updates become available.

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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