

Private Foundations Bulletin

Treasury's 2026-2027 Guidance Watchlist for Private Foundations

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The U.S. Department of the Treasury and Internal Revenue Service released their 2026-2027 Priority Guidance Plan (the "plan") on September 29, 2026. The plan identified 121 guidance projects that the Treasury and the IRS intend to prioritize from October 1, 2026, through September 30, 2027. It includes several projects that private foundations should watch closely. The plan identifies work in progress; it does not change current law or set deadlines for completing the projects.

The following items are most relevant to private foundations.

Expenditure Responsibility

The plan calls for revised regulations under Internal Revenue Code (IRC) §4945 concerning expenditure responsibility and listed this priority under their areas for "deregulation and burden reduction."

Expenditure responsibility may apply when a foundation makes a grant to an organization that does not qualify for an exception from the taxable expenditure rules, including certain foreign organizations and other private foundations. Under current rules, the foundation generally must:

1. Conduct a pre-grant inquiry;
2. Receive a written agreement that contains certain terms;
3. Obtain certain reports from the grantee on its use of the funds;
4. Properly report the expenditure responsibility grants to the IRS; and
5. Take action if the grantee fails to comply in some way.

The plan does not say which expenditure responsibility requirements Treasury may revise. Foundations should continue to follow the current rules while monitoring any proposed regulations.

Donor Advised Funds

Treasury and the IRS also plan guidance under IRC §4966 and §6033 concerning certain donor-advised fund (DAF) arrangements. Foundations that contribute to DAFs or retain advisory privileges should watch for guidance affecting how those arrangements are structured and reported.

The plan does not announce a change to the treatment of a foundation's DAF contribution as a qualifying distribution under IRC §4942. Any potential effect on that treatment would depend on the guidance ultimately issued.

Fiscal Sponsorship Arrangements

The plan includes guidance under IRC §6033 on exempt organization information reporting, including fiscal sponsorship arrangements. The project appears most directly relevant to organizations that host sponsored projects, but foundations funding those projects may also benefit from clearer information about how the arrangements are reported.

The plan does not identify a specific change to Form 990-PF. Foundations should continue to document the recipient organization, the charitable purpose of the grant, and any applicable restrictions.

Public Inspection Requirements

Under its deregulation and burden reduction priorities, the plan lists regulations concerning the **place** for public inspection of materials relating to tax-exempt organizations. This project could affect the practical steps foundations take to make required documents available. Existing public inspection and disclosure obligations continue to apply unless and until the rules change.

Other Situational Priorities

A few other situational priorities contained in the plan that are worth mentioning include:

- **Political campaign intervention:** Planned guidance on the statutory prohibition under IRC §501(c)(3), often called the “Johnson Amendment,” may be relevant to a foundation’s activities and grants involving election-related work.
- **Executive compensation:** Planned regulations under IRC §4960, including the expanded definition of “covered employee,” may affect foundations with highly compensated personnel.
- **Private schools:** Planned final regulations concerning the public policy against racial discrimination in determining private schools’ tax-exempt status may be relevant to foundations that fund those schools.
- **Investments:** Guidance concerning digital assets and tax-aware investment fund strategies may be relevant to foundations with exposure to those areas.

What Foundations Should Do Now

The priority guidance plan provides a useful view of Treasury’s and the IRS’s agenda, but it does not require an immediate change in foundation practices. Foundations should continue applying current law, identify projects relevant to their grantmaking or operations, and review proposed guidance as it is released.

Treasury and the IRS invite public comments and suggestions throughout the plan year, giving foundations and their advisors an opportunity to raise practical concerns.

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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