

2024 Nonprofit Tax Year-End Review

Chris Purnell, Partner and Tax Counsel
Daren Daiga, Partner
Ashley Peabody, Partner
12.12.24



The content of this presentation, whether communicated in writing or verbally by partners, employees, or representatives of Capin Crouse LLP, is provided solely for educational purposes. This presentation is not intended to provide legal, accounting, investment, or fiduciary advice. Please contact your attorney, accountant, or other professional advisor to discuss the application of this material to your particular facts and circumstances.

Polling Question

NEW process for CPE:

Answer in Conferences i/o on your device.

If you haven't already checked in, please scan the QR code or visit capincrouse.cnf.io and select "2024 Nonprofit Tax Year-End Review."



5

Agenda

- Recent Court Cases
- Future of Tax Cut and Jobs Act (TCJA) Provisions
- Clean Energy Credits
- Beneficial Ownership Reporting
- Department of Labor Salary Basis Update
- Foreign Grant Reporting
- Employee Retention Credit Updates
- Supporting Organization Technical Guides Release
- Year-End Tax Filings
- IRS Audit Compliance Strategies
- 2025 Key Tax Figures

6

Recent Court Cases

- *Loper Bright Enterprises v. Raimondo*
 - Overturning of *Chevron*
- *Catholic Charities v. Wisconsin*
 - Religious freedom implications
- *Mira Vista Homeowner's Ass'n v. Comm'r of Internal Revenue*
 - Denied recognition of exempt status

7

Future of TCJA Provisions

- Provisions affecting charitable giving expected to sunset at the end of 2025:
 - Increased standard deduction
 - Cap on home mortgage deduction
 - Cap on state and local tax deduction
 - 60% AGI limit for individuals for cash contributions to public charities
 - Doubling of lifetime estate and gift tax exemption

8

Future of TCJA Provisions (continued)

- Other items of interest:
 - Corporate tax flat rate of 21% will not expire
 - 20% qualified business income (section 199A) set to expire end of 2025
 - Bonus depreciation 60% for 2024 and set to drop to 40% in 2025

9

Clean Energy Credits

- Final regulations related to domestic content
- Claims and timeline
- Potential political ramifications

10

Beneficial Ownership Reporting

- Congress enacted the Corporate Transparency Act (CTA) in 2021 to combat money laundering, tax fraud, and terrorism financing
- Starting January 1, 2024, entities that meet specific criteria are required to file the beneficial ownership information (BOI) report to FinCEN
- Importantly, **all nonprofit entities are exempt from this requirement**

11

Beneficial Ownership Reporting (continued)

- Must meet **one** of the following criteria:
 - Be described in section 501(c)
 - Be described in section 501(c), was exempt under section 501(a) of the Code, and lost tax exempt status less than 180 days ago
 - Be an exempt political organization (527(e))
 - Be a trust under paragraph (1) or (2) of section 4947(a)

12

Beneficial Ownership Reporting (continued)

Breaking News!

- On December 3, 2024, the U.S. District Court for the Eastern District of Texas entered a preliminary injunction against enforcement of the BOI reporting requirements altogether
- The January 1, 2025, deadline has been stayed
- The injunction could be lifted on appeal, but the overall exemption for nonprofits would still remain in place

13

Polling Question

NEW process for CPE:

Answer in Conferences i/o on your device.

If you haven't already checked in, please scan the QR code or visit capincrouse.cnf.io and select "2024 Nonprofit Tax Year-End Review."



14

Department of Labor Salary Basis Update

- On November 15, 2024, the U.S. District Court for the Eastern District of Texas overturned the recent changes to the salary basis made by the DOL
- The DOL's changes would have increased the salary threshold for exempt employees from \$35,568 to \$43,888 (on July 1, 2024) and then to \$58,656 (on January 1, 2025)

15

Department of Labor Salary Basis Update

(continued)

- This sets the salary basis back to pre-July 1, 2024, levels (\$35,568/year; \$684/week)
- Next steps: the DOL could appeal to the Fifth Circuit Court of Appeals, but the Eastern District decision would likely be upheld there
- Will the incoming administration continue to push for this?
- Implications for you and your staff?

16

Foreign Grant Reporting

- House Ways & Means Committee proposed legislation:
 - H.R. 8290, “Foreign Grant Reporting Act,” passed by a vote of 38-0
 - H.R. 8293, “American Donor Privacy and Foreign Funding Transparency Act,” passed by a vote of 23-16
- House of Representatives passed legislation:
 - H.R. 9495, “Stop Terror-Financing and Tax Penalties on American Hostages Act,” passed by a vote of 219-184

17

Foreign Grant Reporting Best Practices

- Review [U.S. Department of the Treasury Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities](#)
- Review Office of Foreign Assets Control (OFAC) economic and trade sanctions
- Establish predetermined selection criteria
- Document grantee’s eligibility for grants or assistance, including basic research on organization, section 501(c)(3) equivalency determination, and documentation of how grantee’s activities are consistent with the organization’s section 501(c)(3) purpose

18

Foreign Grant Reporting Best Practices (continued)

- Substantiate the amount of grants and assistance in the organization's records
- Require periodic reporting and accounting as to how funds were used

19

Employee Retention Credit Updates

- Claims are taking very long to fulfill (1 – 3 years)
- Disallowance letters are becoming more common
- IRS is using crude measurements when deciding whether to amend or disallow an ERC claim

20

Employee Retention Credit Updates (continued)

- Final deadline to claim the ERC is April 15, 2025 (only 2021 quarters available)
- Voluntary Disclosure Program available for third-party payers until December 31, 2024, using the [consolidated claim process](#)
- The [ERC Withdrawal Program](#) remains open to organizations

21

Polling Question

NEW process for CPE:

Answer in Conferences i/o on your device.

If you haven't already checked in, please scan the QR code or visit capincrouse.cnf.io and select "2024 Nonprofit Tax Year-End Review."



22

Supporting Organization Technical Guide

- Exempt Organizations and Government Entities recently published three new Technical Guides that address Section 509(a)(3) supporting organizations:
 - [TG 3-31: Foundation Classification – Type I Supporting Organizations – IRC Section 509\(a\)\(3\), Publication 6015](#)
 - [TG 3-32: Foundation Classification – Type II Supporting Organizations – IRC Section 509\(a\)\(3\), Publication 6016](#)
 - [TG 3-33: Foundation Classification – Type III Supporting Organizations – IRC Section 509\(a\)\(3\), Publication 6017](#)

23

Year-End Tax Reporting

- *W-2 Forms*
 - If you have historically paper-filed your W-2 Forms with the Social Security Administration (SSA), know that **the threshold for mandatory electronic filing is 10 forms (includes Forms 1099)**
 - The deadline for filing and for sending to the employee remains January 31

24

Year-End Tax Reporting (continued)

- *1099-NEC*
 - Due date for filing *and* furnishing a copy to recipient is January 31
- *1099-MISC*
 - Due date for furnishing a copy to the recipient is January 31
 - Due date for filing is February 28, 2025 (if paper-filing) or March 31, 2025 (if filing electronically)

25

Year-end Tax Reporting (continued)

- 1099-K reporting threshold relief extended:
 - 2024 – \$5,000
 - 2025 – \$2,500
 - 2026 and beyond – \$600

26

Year-End Tax Reporting (continued)

- *IRS E-file Shutdown Date for Filing of Business returns – 11:59 a.m. (noon) Eastern time, Thursday, December 26, 2024*

27

Polling Question

NEW process for CPE:

Answer in Conferences i/o on your device.

If you haven't already checked in, please scan the QR code or visit capincrouse.cnf.io and select "2024 Nonprofit Tax Year-End Review."



28

IRS Compliance Strategies

- Strategies related to:
 - Compliance strategies
 - Data-driven approaches
 - Referrals, claims, and other casework
- Audit rate of less than 1% for exempt organizations

29

Key Federal Tax Figures in 2025 and Returns for 2025

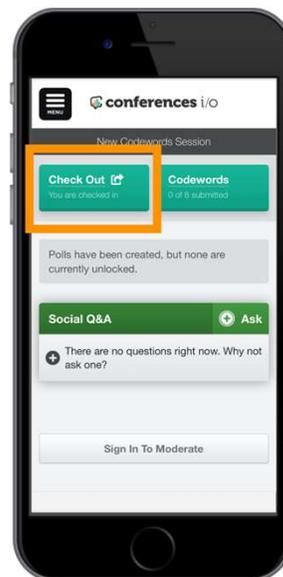
Standard Deduction	
Joint Returns and Surviving Spouses	\$30,000
Heads of Households	\$22,500
Single	\$15,000
Married Filing Separately	\$15,000
OASDI maximum wage base	\$176,100
Maximum elective deferral amount to HSA spending account	\$3,300
Maximum annual contribution to defined contribution plan	\$70,000
Maximum salary deduction for 401(k)/403(b)	\$23,500
401(k)/403(b) over 50 “catch-up” limit	\$11,250

30

Questions?



Don't forget to check out of Conferences i/o before you leave!



Thank you!

Daren Daiga, Partner
CapinCrouse LLP

✉ ddaiga@capincrouse.com

📱 505.50.CAPIN ext. 2038

Chris Purnell, Partner and Tax Counsel
CapinCrouse LLP

✉ cpurnell@capincrouse.com

📱 505.50.CAPIN ext. 1113

Ashley Peabody, Partner
CapinCrouse LLP

✉ apeabody@capincrouse.com

📱 505.50.CAPIN ext. 1106



© Copyright CapinCrouse 2024