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Regulations pending OIRA review: Excise tax on tax-exempt organization compensation

OMB's Office of Information and Regulatory Affairs (OIRA) reported that on March 24, 2020, it received for review from the U.S. Treasury Department proposed regulations concerning an excise tax imposed under section 4960 on the amount of remuneration in excess of \$1 million and on any excess parachute payment paid by an applicable tax-exempt organization to a covered employee.

The 2017 tax law (Pub. L. No. 115-97)—the law that is often referred to as the "Tax Cuts and Jobs Act" (TCJA)—added new section 4960 to the Code to provide that excess remuneration and excess parachute payments paid by an applicable tax-exempt organization to a covered employee are subject to the excise tax.

Treasury regulations that are identified as "major" regulations are subject to review by OMB's OIRA before being issued, pursuant to Executive Order 13771. The proposed regulations, according to OIRA, are identified as:

- [RIN: 1545-BO99](#): *Section 4960 excise tax on tax-exempt organization compensation*

These regulations are further described on the OIRA website as follows:

These regulations implement the new IRC section 4960. They are necessary to provide clarity to taxpayers regarding the meaning of certain terms in the statute and to prevent abusive means of avoiding the tax.

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