



TaxNewsFlash

Exempt Organizations

No. 2020-14
March 3, 2020

Regulations on UBTI, separately computed for each trade or business activity; OIRA review completed

OMB's Office of Information and Regulatory Affairs (OIRA) reported it has completed its review of proposed regulations from the U.S. Treasury Department concerning how unrelated business taxable income (UBTI) within the meaning of section 512 is to be calculated under section 512(a)(6) in the case of an entity described in section 511(a)(2) or (b)(2) with more than one unrelated trade or business.

OIRA reported it completed its review of the regulations on March 2, 2020. OIRA has identified and briefly described the regulations, as follows:

- **[RIN 1545-BO79](#)**: *Unrelated business taxable income separately computed for each trade or business activity*

Another description of these proposed regulations on the OIRA website is:

This document will address how unrelated business taxable income within the meaning of section 512 should be calculated under section 512(a)(6) in the case of an entity described in section 511(a)(2) or (b)(2) with more than one unrelated trade or business.

Treasury regulations that are identified as "major" regulations are subject to review by OMB's OIRA before being issued, pursuant to Executive Order 13771. Now that OIRA review has been completed, Treasury and the IRS can be expected to release these proposed regulations for publication in the Federal Register—the exact date of publication not being known.

Background

Under the 2017 tax law (Pub. L. No. 115-97, the law that is often referred to as the "Tax Cuts and Jobs Act" (TCJA)), a tax-exempt organization is required to calculate its UBTI separately for each unrelated trade or business. Any loss derived from one unrelated trade or business may not be used to offset income from another unrelated trade or business, and net operating loss (NOL) deductions are allowed only with respect to the trade or business from which the loss arose.

For more information, contact a tax professional with KPMG's Washington National Tax practice:

Ruth Madrigal | +1 202 533 8817 | ruthmadrigal@kpmg.com

Preston Quesenberry | +1 202 533 3985 | pquesenberry@kpmg.com

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