



TaxNewsFlash

Exempt Organizations

No. 2020-33
April 15, 2020

Proposed regulations pending OIRA review: Separately computed UBTI

OMB's Office of Information and Regulatory Affairs (OIRA) reports that on April 14, 2020, it received for review from the U.S. Treasury Department proposed regulations concerning unrelated business taxable income (UBTI) that is to be separately computed for each trade or business activity.

The 2017 tax law (Pub. L. No. 115-97)—the law that is often referred to as the "Tax Cuts and Jobs Act" (TCJA)—included a measure providing that a tax-exempt organization is required to calculate separately the net UBTI of 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 NOL deductions are allowed only with respect to the trade or business from which the loss arose.

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:

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

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

[These proposed regulations] 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.

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

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-Exempt Organizations, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)