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Exempt Organizations

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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.*

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