



# TaxNewsFlash

## Exempt Organizations

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## Proposed regulations: Excise tax on excess compensation, parachute payments made by tax-exempt organizations

The U.S. Treasury Department and IRS this afternoon released a notice of proposed rulemaking (REG-122345-18) concerning the excise tax imposed regarding excess tax-exempt organization executive compensation.

The [proposed regulations](#) [PDF 940 KB] (177 pages) implements section 4960 as added to the Code by the 2017 tax law (Pub. L. No. 115-97)—the law that is often referred to as the “Tax Cuts and Jobs Act” (TJCA).

Section 4960 imposes an excise tax on remuneration in excess of \$1 million and any excess parachute payment paid by an applicable tax-exempt organization to any “covered employee.” Section 4960 is effective for tax years beginning after December 31, 2017.

Comments and requests for a public hearing are due 60 days after the proposed regulations appear in the Federal Register (scheduled for June 11, 2020).

The purpose of this report is to provide text of the proposed regulations.

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