



TaxNewsFlash

Exempt Organizations

No. 2020-148
November 30, 2020

Final regulations released to Federal Register: Separately computed UBTI

The U.S. Treasury Department and IRS this afternoon released for publication in the Federal Register final regulations (T.D. 9933) concerning exempt organizations with more than one unrelated trade or business and specifically on the calculation of unrelated business taxable income (UBTI). Under changes made by the 2017 tax law,* a tax-exempt organization must separately calculate 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 net operating loss (NOL) deductions are allowed only with respect to the trade or business from which the loss arose.

*(Pub. L. No. 115-97) often referred to as the "Tax Cuts and Jobs Act" (TCJA)

Read the [final regulations](#) [PDF 422 KB] (121 pages) that are scheduled to be published in the Federal Register on December 2, 2020.

The IRS on November 19, 2020, posted a version of these final regulations on its website, with the following statement:

This document has been submitted to the Office of the Federal Register (OFR) for publication and will be pending placement on public display at the OFR and publication in the Federal Register. The version of the final rule released today may vary slightly from the published document if minor editorial changes are made during the OFR review process. The document published in the Federal Register will be the official document.

Read a [computer-generated document](#) [PDF 1 MB] that provides a comparison of the version of the final regulations submitted this afternoon for publication in the Federal Register against the version posted by the IRS on November 19, 2020. This is an unofficial document produced by KPMG for the purpose of showing what changes, if any, were made to the regulations prior to being released to the Federal Register for publication. It has not been reviewed for accuracy.

KPMG observation

The final regulations provide little transition time for organizations to evaluate the final regulations and to design and implement accounting methods and systems to capture revenue and expenses, including allocations among unrelated trades or businesses. The final regulations are effective the first tax year beginning after publication in the Federal Register, which for calendar year organizations, is January 1, 2021.

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](#)