



Gregory, Sharer & Stuart

Certified Public Accountants and Business Consultants

Presents

Tax Reform and Your Nonprofit

Prepared for

**Florida Alliance of
Community Development
Corporations 2018 Summit**

October 25, 2018

Presented by



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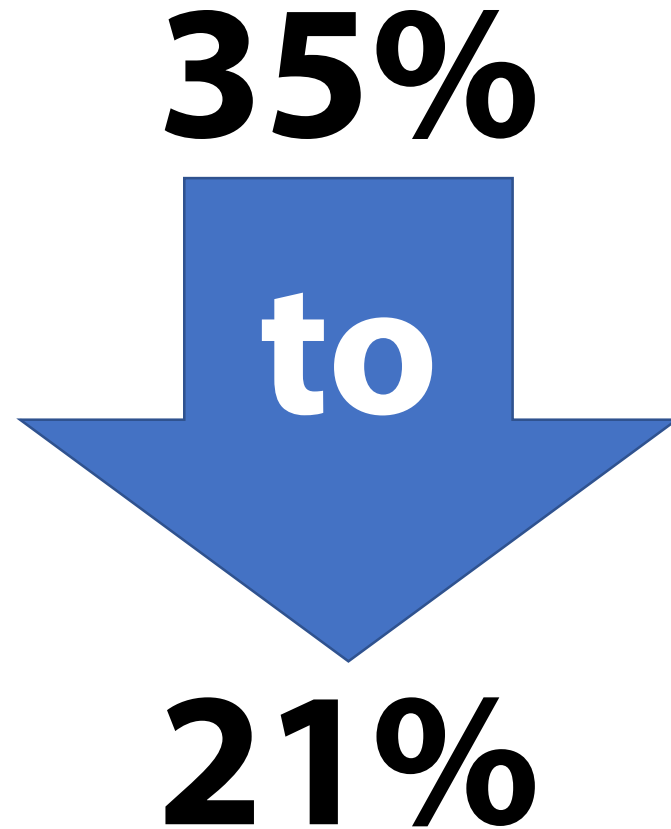


Effect on Nonprofits

RIGHT
ANSWERS.
RIGHT
NOW.®

October 25, 2018

**Corporate Tax Rate
Reduced**



Effect on Nonprofits



October 25, 2018

Trust Tax Rates Reduced.

Top Rate starts at \$12,501 of taxable income.

Tax Rate	Thresholds
10%	\$0 - \$2,550
24%	\$2,551 - \$9,150
35%	\$9,151 - \$12,500
37%	Over \$12,500

UBTI On Certain Fringe Benefits

October 25, 2018

- **Qualified transportation benefits, parking, or use of athletic facility are taxable as unrelated business income provided they are not deductible under Section 274.**
- **Expenses that qualify under Section 274:**
 - Qualified Transportation expenses if they exceed \$175 per month
 - Any activity which is generally considered to be entertainment, amusement, recreation or use of a facility
 - Dues or fees to a social, athletic or sporting club is use of a facility.

UBTI On Certain Fringe Benefits

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How do these expenses effect UBTI?

- **Answer:** If no UBTI before, you do now, maybe.... Not truly defined. Per IRC Reg. Sections 132(j)(4)(B) – an Athletic Facility must be located on the premises of the employer, operated by the employer, and used with substantial exclusivity, by the employer’s employees, their spouses and their dependent children. May only apply to highly compensated, not rank and file. If used for income producing activity, then no. Waiting for guidance in regulations.

UBTI On Certain Fringe Benefits



October 25, 2018

- **If have UBTI, then reduce expenses, if applicable.**
- **What happens if you have net operating losses prior to 2017?**
 - They can offset.
- **What happens if you do not have any UBTI?**



UBTI On Certain Fringe Benefits



October 25, 2018

- **Moving Expenses are no longer allowed as a deduction and reimbursement of moving expenses is no longer allowed to be reimbursed.**
- **How do you treat for employees that you pay for reimbursement for fees?**



Net Operating Losses from Business Activities

October 25, 2018

Net operating loss from one business activity of a nonprofit may not be used to offset the income from another business activity.

You must compute income and losses from each activity separately and tax computed and remitted on each business activity alone.



Net Operating Losses from Business Activities

October 25, 2018

- Trade or business activity has not been defined as of to date. We don't know how broad or narrow these definitions will be.

RELIEF!!!!

- Any net operating losses created prior to January 1, 2018 are not subject to these allocations.





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QUESTIONS





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