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April 20, 2018

RE: Publication 15-B, Employer's Tax Guide to Fringe Benefits

California Association of Nonprofits (CalNonprofits), a statewide policy alliance of more than 10,000 organizations, is the voice for California's nonprofit community. Through our advocacy work, we protect and enhance the ability of California's nonprofits to serve our state, the nation and the world.

Since passage of sweeping tax changes in late December of last year, we have fielded many questions from nonprofits who are confused about the impact of the new law. Nonprofits need more time and more guidance to fully understand our compliance obligations.

Therefore, we ask the IRS to postpone the effective date of implementation of the unrelated business income tax (UBIT) rules enacted new Internal Revenue Code Section 512 (a)(6) and (a)(7) until the Service issues guidance clarifying the new tax liability triggered by new those sections. Absent urgently needed IRS guidance, charitable nonprofits will not be able to file accurate reports, are likely to make insufficient or inaccurate payments, and suffer other adverse tax consequences that can and will be avoided once the IRS provides the nonprofit sector the necessary clarity.

Thank you for your attention to this matter.

Sincerely,
Jan Masaoka
CEO, CalNonprofits