



Published on National Council of Nonprofits (<https://www.councilofnonprofits.org>)

Original URL: <https://www.councilofnonprofits.org/trends-and-policy-issues/tax-policy-issues>

## **Tax Policy Issues**

Federal and state tax laws and policies govern many of the operations of charitable nonprofits. 501(c)(3) charitable nonprofit organizations typically are exempt from paying income and property taxes and donations to their work are deductible on federal and most state tax returns. Policymakers regularly review and propose changes to exemptions, operational rules, and giving incentives.

### **Tax Policy Issues**

[Read about Charitable Giving Incentives](#)

### **Charitable Giving Incentives**

The tax laws may encourage individuals and businesses to give to charitable organizations whose missions they support by providing an itemized deduction or tax credit.

[Read about Protecting the Johnson Amendment and Nonprofit Nonpartisanship](#)

### **Protecting the Johnson Amendment and Nonprofit Nonpartisanship**

Charitable nonprofits may “not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.”

[Read about Disaster Tax Relief](#)

## **Disaster Tax Relief**

Right now, residents in virtually every state are suffering from a natural disaster and charitable nonprofits are with them providing relief, recovery, and support. Nonprofits need resources to keep these efforts going, and they need it now!

## **Additional Resources**

[Read about Estate Tax](#)

## **Estate Tax**

The federal estate tax is an essential source of revenue for the federal government and serves as an incentive for wealthier individuals to give back to their communities through charitable nonprofit organizations.

[Read about Federal Tax Law - Tax Cuts and Jobs Act](#)

## **Federal Tax Law - Tax Cuts and Jobs Act**

The Tax Cuts & Jobs Act, signed into law by President Trump on Dec. 22, 2017, included numerous provisions that affect the work of nonprofits and the people and communities we serve.

[Read about Unrelated Business Income Tax](#)

## **Unrelated Business Income Tax**

When tax-exempt charitable nonprofits earn income through an activity that is unrelated to their exempt purposes and the activity is “regularly carried on,” the revenue from the act may be taxable income for “unrelated business income

taxation."

[Read about Taxes, Fees, and PILOTs \(Payments In Lieu Of Taxes\)](#)

## **Taxes, Fees, and PILOTs (Payments In Lieu Of Taxes)**

Some municipalities attempt to impose discriminatory taxes or fees on nonprofits, or demanding so-called "voluntary" payments in lieu of taxes (PILOTs).

[Read about Volunteer Mileage](#)

## **Volunteer Mileage**

Volunteers who drive their vehicles when they perform work on behalf of a nonprofit are restricted in tax law to deducting only 14 cents per mile.

[Read about Taxpayer Bill of Rights \(TABOR\)](#)

## **Taxpayer Bill of Rights (TABOR)**

A Taxpayer Bill of Rights (TABOR) measure is a state budget and tax-policy process that limits growth of state and local revenues to a restrictive formula, such as capping total spending and taxing to the rate of inflation plus change in population.

[Read about Federal Filing Requirements for Nonprofits](#)

## **Federal Filing Requirements for Nonprofits**

Most charitable nonprofits that are recognized by the IRS as tax-exempt have an obligation to file IRS Form 990, which is an annual information return to be filed with the IRS within 5 months and 15 days after the close of the fiscal year.

[Read about What to do if your nonprofit's tax exemption status is revoked](#)

## **What to do if your nonprofit's tax exemption status is revoked**

It will likely be a shock and perhaps deeply discouraging to learn that your nonprofit's tax-exempt status has been revoked. There are some immediate steps to consider before rolling up your sleeves to re-apply for tax-exemption.