JONES DAY

Jones Day Tax Practice: Exempt Organizations

Scope of Practice. Our exempt organizations team focuses on significant tax compliance matters and controversies for tax-exempt organizations, with an emphasis on structuring and reporting of complex transactions, qualification for exemption, international grantmaking, licensing and other royalties, avoiding unrelated business income, and defending major IRS audits (including excess benefit allegations) and state property tax exemption challenges. Our exempt organization clients include health care organizations, business leagues, educational organizations, museums, civic groups, foundations, and scientific organizations.

Transactions with Exempt Organizations. Many of our exempt organization lawyers also have broader tax, health care regulatory, transactional, governmental, or litigation experience. This multidisciplinary background enables our lawyers to better understand the overall business needs of the client and competing legal concerns. This broad experience also allows us to provide more efficient services for our clients and to identify opportunities where prudent tax compliance strategies can resolve other significant compliance concerns at a fraction of the cost. Our transactional work includes lawyers on our exempt organizations team who have extensive experience in structuring corporate mergers and acquisitions, reorganizations, and joint ventures involving tax-exempt organizations.

Tax Planning. We regularly advise our nonprofit clients on how to avoid or mitigate risks to exemption and risks of unrelated business income tax from their operations, including evaluating changes in activities, new lines of business and the impact of joint ventures, reconfiguration or discontinuance of services, and shifting regulatory and legislative priorities. Our advisory work includes proactive review and improvement in policies and procedures, development of guidelines for evaluating future activities, and designing effective governance oversight of tax-exempt activities.

Audits and Other Tax Controversies. Our lawyers have represented several nonprofit clients in a variety of tax controversies, including some of the largest exempt organization audits ever conducted. Our audit representations include business and sports leagues, educational organizations, scientific organizations, public advocacy organizations, foundations, health plans, community hospitals, academic medical centers, and multistate health care systems. Our attorneys also understand the government's approach to tax audits, drawing on extensive experience both at some of the highest levels of the IRS and representing exempt organizations in dozens of audits by the IRS and state authorities. Our tax controversy work includes defending exemption (either in a declaratory judgment action or after audit), refund suits for unrelated business income tax, defending against private-party attempts to challenge exemption (including class actions), defending state property tax exemptions, and defending against whistleblower allegations provided to the IRS regarding transactions and operations of exempt organizations. We have also defended multiple nonprofits in responding to congressional and, in collaboration with our State Attorney General Enforcement Practice, state attorney general inquiries regarding executive compensation, nonprofit corporate governance, use of charitable assets, and charity care practices.

Self-Assessments and Internal Reviews. We also have substantial experience in performing mock audits to assess current compliance with exemption standards and unrelated business income, tax-exempt hospital facility requirements, worker classification, and the appropriate structuring and restructuring of executive and professional compensation programs.

Obtaining IRS Guidance. Novel and complex transactions often require bespoke solutions. When the market outpaces existing IRS guidance, organizations may seek special protection for their transactions through requesting a private letter ruling from the IRS. Our lawyers regularly obtain favorable, unique private letter rulings for our tax-exempt clients.

Lobbying and Political Activities. Lawyers on our exempt organizations team frequently cross-collaborate with our Government Regulation Practice to advise on issues impacting tax-exempt organizations conducting governmental affairs, including lobbying activities carried on by nonprofits and political action committee formation and operations.

Key Contacts

For further information regarding our Tax Practice, please contact your principal Firm representative or one of the lawyers listed below.

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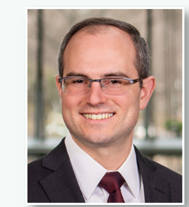
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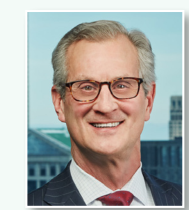
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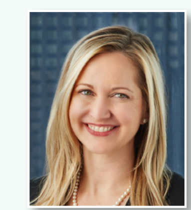
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