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## LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

### *PPC's Guide to Religious Organizations*

#### Sixteenth Edition (September 2017)

The following are some of the important new features of the 2017 Edition of *PPC's Guide to Religious Organizations*:

- **Updated Guidance on Tax and Legislative Matters Affecting Religious Organizations.** Recent tax changes will affect even the everyday activities of many religious organizations. Your *Guide* provides current, practical guidance on recent IRS focus areas and initiatives, new regulations, changes to tax forms, and other changes that you need to understand and comply with the applicable tax rules. The guidance will assist you in filing complete and accurate tax returns. Other discussions include the definition of a *minister* and *ministerial duties*, employee versus independent contractor classification of religious workers, employment tax issues for the church as a whole and for nonministerial employees, and significant payroll tax considerations associated with ministers.
- **Updated Guidance on Accounting Standards Affecting Religious Organizations.** Don't be caught off guard by professional standards that affect religious organizations, their accountants, and their auditors. Your *Guide* has been updated for the latest accounting guidance that has the potential to affect religious organizations.
- **Governance Practices.** Charity watchdog groups that compare and analyze nonprofit organizations increasingly focus on the goals of increased transparency, good governance, and increased accountability on these matters. The absence of appropriate policies and procedures can lead to (1) excess benefit transactions, (2) private inurement situations, (3) operations that do not support the organization's exempt purpose, or (4) other activities inconsistent with exempt status. Religious organizations can improve their operations by considering and implementing practices that have been deemed best practices due to their success for other entities. This edition of your *Guide* contains discussions on such best practices for good governance.
- **Fraud.** Statistics show fraud in nonprofit organizations can be extremely costly. Your *Guide* has been updated for the most recent statistics on fraud affecting nonprofit and religious organizations and includes policies and procedures organizations can take to reduce their risk of fraud.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 1 Introduction and Overview of Religious Organizations	1. Updated information on the number of religious organizations and denominational data.	Paragraphs 100.3– .5
	2. Added discussion on characteristics of megachurches.	Paragraph 100.7
	3. Updated information on the amount of contributions and other support provided to religious organizations.	Paragraph 100.8
	4. Updated the discussion on supporting organizations.	Paragraph 101.23
	5. Updated information on substantiating the tax-exempt status of a single-member LLC.	Paragraph 101.36
	6. Updated the discussion on conversion from a single-member LLC to a separate entity.	Paragraph 101.37
	7. Added a discussion on the actions that may result in denial or revocation of tax-exempt status.	Paragraph 101.47

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	8. Updated the discussion on the user fee for filing Form 1023 online.	Paragraph 102.3
	9. Updated the discussion on Form 1023-EZ.	Paragraphs 102.8 and 102.11–.13
	10. Added a discussion on 2016–2017 Priority Guidance Plan.	Paragraph 102.22
	11. Updated the discussion on ECFA’s Seven Standards of Responsible Stewardship.	Paragraph 103.7
	12. Updated the discussion on MinistryWatch.	Paragraph 103.17
	13. Added an appendix detailing actions which can cause denial or revocation of an organization’s exempt status.	Appendix 1E
	14. Moved the Quick Reference Index of Examples to Appendix 1F.	Appendix 1F
CHAPTER 2 Accounting and Reporting Issues for Religious Organizations	1. Updated the discussion on the overview of the chapter.	Paragraphs 200.1–.2
	2. Updated the footnote on ASU 2016-14 and added a footnote on ASU 2016-01.	Paragraph 201.5
	3. Updated the discussion on recent FASB ASUs related to nonprofit organizations and other significant FASB activities.	Paragraphs 201.6–.33
	4. Updated the footnote on testing goodwill for impairment.	Paragraph 203.11
	5. Added footnotes on ASU 2014-09 and exposure draft of a proposed ASU to clarify the scope and accounting guidance for contributions made and received.	Paragraph 204.1
	6. Added a discussion on text tithes.	Paragraph 204.30
	7. Updated and expanded the discussion on disclosures by organizations receiving donated services.	Paragraph 204.61
	8. Updated a footnote on ASU 2014-09.	Paragraph 208.1
	9. Updated the discussion on classification of expenses.	Paragraphs 210.1–.2
	10. Updated the discussion on management and general expenses.	Paragraph 210.14
	11. Updated the discussion on collection items.	Paragraphs 213.3 and 213.9
	12. Updated the discussion on preparers of interim financial statements.	Paragraphs 216.10–.12
CHAPTER 3 General Tax Issues	1. Updated amounts, rates, and dates throughout.	Chapter 3
	2. Updated the discussion on tax filing requirements, including Form 990, for tax-exempt organizations.	Section 301
	3. Updated the discussion on penalties.	Paragraph 301.8
	4. Revised and expanded the discussion on filing requirements.	Paragraphs 301.33–.37
	5. Updated and expanded the discussion on failure to file a Form 990 while waiting for a determination letter.	Paragraph 301.66
	6. Expanded the discussion on request for reinstatement.	Paragraph 301.68

<b><u>Chapter</u></b>	<b><u>Substantive Changes and Additions</u></b>	<b><u>Reference</u></b>
	7. Revised the discussion on TE/GE Priorities and Work Plans.	Paragraph 301.79
	8. Updated the discussion on Schedule F and foreign activities.	Paragraph 301.87
	9. Updated the discussion on organizational changes.	Paragraph 301.108
	10. Expanded the discussion on W-2G and gaming activities.	Paragraph 301.112
	11. Updated the discussion on filing requirements for employee benefit plans.	Paragraph 301.147
	12. Expanded the discussion on substantiation rules for contributions.	Paragraph 303.8
	13. Updated the discussion on raffles.	Paragraph 303.90
	14. Updated the discussion on potential IRS internet guidelines.	Paragraph 303.92
	15. Added a discussion on a search tool for entities sanctioned under OFAC.	Paragraph 304.59
	16. Updated the discussion on Tax Court Summary Opinions.	Paragraph 305.6
	17. Added a discussion on new rules for IRS partnership audits.	Paragraphs 305.50–.51
	18. Added a discussion on Publicly Traded Partnerships.	Paragraph 305.52
	19. Added a discussion on employer-owned life insurance policies.	Paragraphs 305.69–.70
	20. Updated the discussion on the commerciality doctrine.	Paragraph 305.103
	21. Updated the discussion on the health insurance tax credit.	Paragraph 306.2
	22. Added a discussion on the executive order (EO) “Promoting Free Speech and Religious Liberty.”	Paragraph 309.40
	23. Updated the discussion on the political activities compliance initiative.	Paragraphs 309.43–.44
	24. Updated the discussion on EO Work Plans.	Paragraphs 309.45–.46, 312.11
	25. Updated the discussion on IRS enforcement of prohibition on political activities.	Paragraphs 309.47 and 309.50
	26. Updated the discussion on taxes regarding political activities.	Paragraph 309.71
	27. Updated the discussion on the appropriate high-level treasury official.	Paragraph 311.4
	28. Updated the discussion on political activity.	Paragraphs 312.5–.6
	29. Updated the discussion on audit trends.	Paragraph 312.14
	30. Updated the discussion on incomplete and inaccurate returns.	Paragraph 312.25
	31. Updated the discussion on the TE/GE Division.	Paragraph 312.42
	32. Updated the discussion on recent court decisions.	Paragraphs 312.56–.59

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 4 Tax Issues Relating to Payroll	1. Updated limits and rates throughout.	Various
	2. Updated the discussion on exception to payroll taxes.	Paragraph 401.18
	3. Revised the discussion on employee or independent contractor.	Section 402
	4. Updated a footnote on Form 4361.	Paragraph 404.28
	5. Added a footnote on value of personal use of an employer-provided vehicle and Form W-2.	Paragraph 404.51
	6. Updated the discussion on calculation of net earnings from self-employment for ministers.	Paragraph 404.56
	7. Updated the discussion on self-employment tax on retirement benefits of ministers.	Paragraph 404.64
	8. Updated the discussion on parsonage versus housing allowance.	Paragraphs 405.9–.10
	9. Updated the discussion on parsonage fair value and expenses.	Paragraph 405.16
	10. Updated the discussion on the timing of designation of housing allowance.	Paragraph 405.30
	11. Updated the discussion on fair value limitation.	Paragraph 405.35
	12. Updated the discussion on constitutionality and court cases.	Paragraphs 405.37–.41
	13. Updated the discussion on contributions from donors designated for specific individuals.	Paragraph 406.27
	14. Updated the discussion on business expenses.	Paragraph 408.2
	15. Updated the discussion on expenses allocable to tax-free income.	Paragraph 408.10
	16. Updated the discussion on retirement issues.	Paragraphs 409.1
	17. Updated the discussion on tax-sheltered annuities.	Paragraphs 409.9–.11
	18. Expanded the discussion on nonqualified deferred compensation plans.	Paragraph 409.24
CHAPTER 5 Operational Issues	1. Updated the discussion on the life cycle of an exempt organization.	Paragraph 501.2
	2. Added a footnote on the exposure draft of proposed revisions to <i>Government Auditing Standards</i> (the Yellow Book).	Paragraphs 501.56 and 501.60
	3. Added a discussion on text tithes.	Paragraph 502.31
	4. Updated the discussion on nonprofit mail rates.	Paragraphs 505.1–.2
CHAPTER 6 The Impact of Government Funding on Religious Organizations	1. Updated the discussion on executive orders.	Paragraph 601.6
	2. Added a footnote on the exposure draft of proposed revisions to <i>Government Auditing Standards</i> (the Yellow Book).	Paragraph 602.12
APPENDIX A Illustrative Financial Statements	1. Updated for clarity and presentation.	Appendix A