

Henderson & Caverly Pum & Trytten LLP

NONPROFIT ORGANIZATIONS NEWSLETTER

October 2019

New Firm Name!

We are excited to announce that effective October 1, 2019, the Firm changed its name to Henderson, Caverly, Pum & Trytten, LLP.

Under its new name, the Firm will continue its decades-long service of high net worth clients in sophisticated tax and estate planning, trust and estate administration and litigation, and nonprofit formation and administration.



On October 1, Steve Trytten, a senior estates and trusts attorney, joined the Firm as a Partner. Mr. Trytten heads the Firm's new Pasadena, California office.

Mr. Trytten is a nationally recognized authority on tax, estate, and business succession planning. Steve is a "Certified Specialist" in two areas: Taxation Law, and Estate Planning and Probate Law. Steve joins partners Nancy Henderson, Kristen Caverly, M. Katherine Davidson and Shirley Kovar as an ACTEC Fellow and "Best Lawyer" focused on estates, trusts and tax law.

Steve attended the University of Illinois where he received his undergraduate, MBA, and J.D. degrees. He was admitted to the Illinois Bar in 1978 and to the California Bar in 1983. He was licensed as an Illinois CPA in 1979. Please see the Firm's [website](#) for Mr. Trytten's complete bio.

New Member of our Nonprofit Organizations Team



Alexander Bruin recently joined the Firm's San Diego office as an associate in the Nonprofit Organizations and Estates and Trusts Groups. Mr. Bruin assists clients in all aspects of estate planning, estate and trust administration, charitable planning and nonprofit organization operations and related issues.

Alex obtained both his J.D. and Tax LL.M in 2016 from Loyola Law School of Los Angeles, where he graduated with honors and first overall in Loyola's Tax LL.M class. Please visit our Nonprofit Organizations Group [website](#) for Alex's complete bio.

DISASTER RELIEF AND CHARITABLE ORGANIZATIONS

Many charitable organizations desire to assist victims of disasters or those in emergency hardship situations, such as the victims of Hurricane Dorian.

Providing aid to relieve human suffering caused by a



natural or civil disaster or an emergency hardship is charity in its most basic form. Charitable organizations, including churches, are frequently able to administer relief programs more efficiently than individuals acting on their own.

If your organization desires to provide disaster relief related to Hurricane Dorian, please see our article regarding Providing Disaster Relief in our October 2018 [Newsletter](#). For the IRS' latest updates regarding tax relief for those affected by Hurricane Dorian, check the [Hurricane Dorian](#) website.

If you have additional questions regarding your organization providing disaster relief, please [contact](#) our office.

SPECIAL CHARITABLE CONTRIBUTIONS FOR CERTAIN IRA OWNERS

As an alternative method for donating to a charity, certain taxpayers may transfer funds from their IRA to an eligible charitable organization. The following is a list of ten things eligible taxpayers who are considering making such a donation will need to know.



1. The IRA owner must be age 70 ½ or older.
2. The donor must directly transfer the money tax-free to an eligible charitable organization.
3. Not all charities are eligible. For example, donor-advised funds and supporting organizations are not eligible recipients.
4. The maximum amount that an IRA owner may transfer annually tax-free to an eligible organization is \$100,000. If donors wish to take funds from their IRA to contribute more than \$100,000 to charity, they cannot exclude the additional amount from their gross income. Rather, they must follow the general rules pertaining to percentage limitations and itemized contribution reductions. The provision applies to each individual's IRAs. In many marriages, both spouses will have IRAs. Therefore, it's possible that the spouses could team up, each rolling over \$100,000 for a \$200,000 rollover contribution to a single qualified charity.
5. Recent legislation made the IRA charitable contribution option permanent and available to eligible IRA owners, regardless of whether they itemize their deductions. With the [Protecting Americans from Tax Hikes \(PATH\) Act of 2015](#), the qualified charitable distribution ("QCD") rules have finally been made permanent, making it easier to engage in proactive charitable giving strategies that help to minimize the tax bite of an IRA's Required Minimum Distribution (RMD) obligations.
6. Distributions from employer-sponsored retirement plans, including SIMPLE IRAs and simplified employee pension plans – commonly referred to as SEP Plans – are not eligible.
7. To qualify, the funds must be contributed directly by the IRA trustee to the eligible charity.
8. Amounts transferred are not taxable and no deduction is available for the amount given to the charity unless non-deductible contributions are transferred.
9. Transferred amounts are counted in determining whether the owner has met the IRA's required minimum distribution rules. Where individuals have made nondeductible contributions to their traditional IRAs, a special rule treats transferred amounts as coming first from taxable funds, instead of proportionately from taxable and nontaxable funds, as would be the case with regular distributions. If non-deductible contributions are transferred to an eligible organization, a charitable contribution deduction may be allowed if itemizing deductions.
10. Individuals making a charitable contribution using IRA funds must obtain a contemporaneous written acknowledgement of the contribution to benefit from this new provision. See [IRS Publication 1771](#), Charitable Contributions—Substantiation and Disclosure Requirements contains information about substantiation of charitable contributions.

Additional information about qualified charitable distributions can be found in [IRS Publication 590-B](#), Distributions from Individual Retirement Arrangements (IRAs).

TREASURY AND IRS ISSUE PROPOSED REGULATIONS AND PROVIDE RELIEF FOR CERTAIN TAX EXEMPT ORGANIZATIONS



In September, the Internal Revenue Service issued [proposed regulations](#) clarifying the reporting requirements generally applicable to tax-exempt organizations.

The proposed regulations reflect statutory amendments and certain grants of reporting relief announced by the Treasury Department and the IRS in prior guidance to help many tax-exempt organizations generally find the reporting requirements in one place.

Among other provisions, the proposed regulations incorporate the existing exception from having to file an annual return for certain organizations that normally have gross receipts of \$50,000 or less, which is found in [Revenue Procedure 2011-15](#). The regulations also incorporate relief from requirements to report contributor names and addresses on annual returns filed by certain tax-exempt organizations, previously provided in [Revenue Procedure 2018-38](#). A recent court decision held that the Treasury Department and the IRS should have followed notice and comment procedures in 2018 when announcing this relief with respect to providing contributor names and addresses, and these regulations provide the opportunity for notice and comment on that relief as well as on other proposed updates to existing regulations.

Under the proposed regulations, filing requirements for Section 501(c)(3) organizations and Section 527 political organizations remain unchanged, and all organizations are required to keep the contributor information and make it available to the IRS upon request.

Treasury and IRS welcome public comments on all aspects of these proposed regulations. Details on submitting comments may be found in the proposed regulations. The regulations propose to allow tax-exempt organizations to elect to apply the regulations to returns filed after September 6, 2019.

Additionally, the IRS issued [Notice 2019-47](#) providing penalty relief for certain exempt organizations that, consistent with the 2018 guidance from the IRS, do not report the names and addresses of contributors on annual returns for tax years ending on or after December 31, 2018, but on or before July 30, 2019.

MEETING THE NEEDS OF NONPROFITS



The laws governing nonprofit organizations are becoming increasingly complex and specialized. Our [attorneys](#) and [paralegals](#) are experienced in advising and guiding nonprofit organizations through all stages of development and [business needs](#). Whether you are forming a new nonprofit organization or working for an established organization, our [Nonprofit Organizations Group](#) can assist your organization with its legal needs.

Contact the [Chair](#) of our Nonprofit Organizations Group, [Jon Grissom](#), to discuss formation of a charity or legal needs for your existing organization.

Check out our
Nonprofit Organizations Group website!
<https://www.californianonprofitlaw.com/>



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