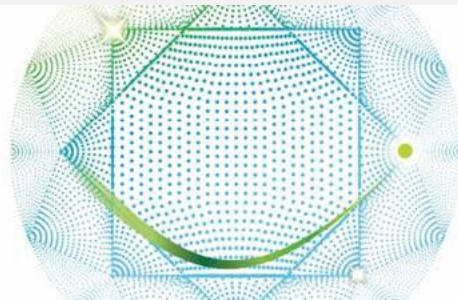


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OBBBA for tax-exempts





Looking for a tax-exempt perspective on the law changes from the OBBBA that have or will soon take affect?

We've broken it down for you here: [OBBBA for tax-exempts](#)

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Disaster assistance



It's not a question of if, but when and how to help. From Federally Declared Emergency or Major Disaster to personal hardships, a donor's goals for providing assistance will help donors and their advisors discern the most appropriate vehicle.

Read about donor options here:

[Disaster Assistance](#)

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Q&A



We have a small private foundation and are finding we can have greater impact with smaller grants outside of the United States. We are focused on education. Are we required to exercise expenditure responsibility oversight or

equivalency determination on grants to a school that is a foreign governmental entity?

We dive into some of the considerations here:

[You asked](#) .

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Latest in Tax



Scholarship procedure approvals for private foundations

The foundation's grant programs aim to enhance recipients' skills and capacities in various fields, benefiting society and the general public.

PLR 202526016

Scholarships will be awarded to graduating seniors based on financial need, academic performance, and general achievement, while grants will support tutoring and skill enhancement for youths.

PLR 202526017

Scholarships will be awarded to high school seniors who demonstrate kind behaviour, with funds distributed directly to the recipients' educational institutions.

PLR 202526018

The foundation's program aims to provide financial assistance to high school seniors with demonstrated financial need, planning to enrol in accredited institutions.

PLR 202526019

The foundation's program is designed to support students based on academic performance and community involvement, with funds disbursed directly to educational institutions.

PLR 202527017

The IRS approved the employer-related scholarship procedures, ensuring that the scholarships awarded are not taxable to recipients when used for qualified tuition and related expenses. The program targets employees and their dependents, with eligibility criteria including academic achievement, financial need, and community involvement.

PLR 202527020

The IRS granted approval for a scholarship program aimed at assisting students from specific high schools in obtaining college-level education, with awards based on financial need. Scholarships can be renewed annually, and the program is publicized through targeted outreach to eligible high schools and universities.

PLR 202527021

The IRS approved a scholarship program for graduating high school seniors entering college, emphasizing empowerment through education. Scholarships are awarded based on academic performance and financial need, with a preference for first-generation college students, and recipients must maintain eligibility criteria.

PLR 202527022

The IRS approved a scholarship program designed to support individuals with intellectual and developmental disabilities, with awards based on financial need and academic performance. Scholarships are renewable annually, and recipients must adhere to specific eligibility and reporting requirements.

PLR 202527023

The scholarships are awarded to high school seniors in specific counties, based on academic performance, community involvement, and financial need.

PLR 20253002

Scholarships are intended for students demonstrating financial need and academic excellence, with funds disbursed directly to recipients or educational institutions.

PLR 202530022

Scholarships are targeted at students attending vocational or trade schools, with selection based on character, academic ability, and financial need.

PLR 202530023

Scholarships awarded to members and their dependents are not taxable expenditures under IRC Section 4945(g)(1). The scholarships are awarded based on an essay competition and are intended to support higher education.

PLR 202530026

The foundation plans to run two grant programs: one for travel and learning related to youth mental health and well-being, and another for mental health fellowships and research grants, both of which will be awarded based on objective and non-discriminatory criteria.

PLR 202532018

The foundation's scholarship programs, which include travel and learning grants as well as mental health fellowships, are designed to support youth mental health and well-being through objective and non-discriminatory selection processes.

PLR 202532019

The IRS approved the foundation's objective, non-discriminatory procedures for awarding educational grants, confirming that such grants, when administered as described, are not considered taxable expenditures under IRC Section 4945(g)(3). Grants may cover travel, education, living expenses, and materials required for study, practice, or instruction. The approval is specific to the documented program, requiring continued oversight, annual reporting, and strict adherence to eligibility, selection, and recordkeeping standards to maintain compliance.

PLR 202533012

Key facts in this employee scholarship program ruling include the foundation's commitment to awarding scholarships on an objective

and non-discriminatory basis, compliance with the percentage tests in Revenue Procedure 76-47, and the administration of the program by an independent third party.

PLR 202534012

Other IRS rulings

The IRS approved the foundation's procedures for awarding educational grants to early-career scientists, ensuring the grants are not taxable expenditures under IRC Section 4945(g)(3). The foundation's program includes fellowship and travel awards, with strict criteria and oversight to maintain objectivity and prevent conflicts of interest.

PLR 202530024

The IRS revoked the organization's tax-exempt status under IRC Section 501(c)(3) effective January 1, 2020, due to the organization's substantial involvement in gaming activities, which do not further an exempt purpose. The organization failed to meet the operational test as its primary activities were unrelated to its stated charitable purposes, resulting in the loss of its exemption and the non-deductibility of contributions under IRC Section 170.

PLR 202526013

The IRS determined that the religious school qualifies for exemption from filing Form 990 due to its affiliation with a church and its program of general academic nature. However, the school must annually certify its compliance with racial non-discrimination requirements using Form 5578.

PLR 202526015

The IRS denied tax-exempt status to an organization formed to defray medical costs for a specific individual, concluding that it serves private interests rather than public purposes. The organization failed the operational test under IRC Section 501(c)(3) due to its substantial non-exempt activities.

PLR 202527013

The IRS revoked the tax-exempt status of an organization after discovering that the CEO used the organization's funds to pay for personal expenses. This misuse of funds led to the conclusion that the organization was not operating exclusively for exempt purposes as required under IRC Section 501(c)(3).

PLR 202527015

The IRS revoked the exempt status of a sports group due to its failure to operate exclusively for exempt purposes. The organization was found to have engaged in activities that provided substantial private benefits, contrary to the requirements of IRC Section 501(c)(3).

PLR 202527016

The IRS granted approval for a set-aside under IRC Section 4942(g)(2) for a historic renovation project, allowing the foundation to allocate funds over a period of up to 60 months. This set-aside will support the restoration of a historic property, with the foundation providing matching funds to encourage community contributions.

PLR 202527018

Approval was given by the IRS for a set-aside related to the preservation of a National Historic Landmark, enabling the foundation to match funds for a comprehensive rehabilitation project. The project involves both exterior and interior restorations, with a structured timeline to ensure the completion of the necessary fundraising and restoration activities.

PLR 202527019

The IRS revoked the tax-exempt status of an organization due to its failure to respond to inquiries, highlighting the importance of compliance and communication with tax authorities. The ruling underscores that non-responsiveness can lead to significant consequences, including the loss of exempt status.

PLR 202530011

The IRS denied tax-exempt status to a family scholarship group, finding that its operations served private interests by limiting benefits to descendants of a specific family. The ruling illustrates that

organizations must serve a public interest and avoid inurement to qualify for exemption under IRC Section 501(c)(3).

PLR 202530013

An open-source software group was denied tax-exempt status as its activities were deemed to serve a substantial non-exempt purpose, and funds were found to inure to the founder's benefit. This ruling highlights the importance of exclusively pursuing charitable or educational purposes to qualify for tax exemption.

PLR 202530014

A youth baseball team was denied tax-exempt status under IRC Section 501(c)(7) as it was primarily funded by public donations and sponsorships rather than member fees. The team's structure did not meet the requirements for a social club, as it lacked bona fide members and relied heavily on non-member income.

PLR 202530015

The IRS issued a final determination denying tax-exempt status under IRC Section 501(c)(3) for a product promoter group, as its activities primarily benefit its members rather than serving a public interest. The organization's focus on promoting a specific brand was deemed inconsistent with charitable purposes.

PLR 202530019

The IRS granted approval for a set-aside under IRC Section 4942(g)(2) for an endowed professorship. This set-aside aims to establish a Distinguished Chair at a university, fostering collaboration between two colleges.

PLR 202530021

The IRS granted approval for a foundation's procedures to award grants to artists and writers, confirming the grants are not taxable under IRC Section 4945(g)(3). The foundation's selection process involves a two-tiered evaluation and ensures grants are awarded based on merit and alignment with the foundation's mission.

PLR 202530025

A for-profit corporation was denied tax-exempt status under IRC Section 501(c)(3) due to its substantial commercial activities and lack of organizational dedication to exempt purposes. Despite employing women in abusive situations, the corporation's primary activity of manufacturing and selling retail products was deemed a non-exempt commercial purpose.

PLR 202532012

An arts and crafts show organizer was denied tax-exempt status because its activities primarily served private interests by providing a venue for artists to sell their artwork. The organization failed to demonstrate that its operations were exclusively educational or served a public interest, thus not qualifying under IRC Section 501(c)(3).

PLR 202532013

An employee association was denied tax-exempt status as it primarily conducted social and recreational activities for its members, which did not further exclusively exempt purposes. The association's activities were deemed substantial non-exempt purposes, precluding exemption under IRC Section 501(c)(3).

PLR 202532014

A soccer league was denied tax-exempt status because it failed both the organizational and operational tests under IRC Section 501(c)(3), focusing on recreational activities for adults rather than educational or charitable purposes. The league's local and recreational nature did not meet the requirements for an amateur athletic organization qualifying for exemption.

PLR 202532015

The IRS denied tax-exempt status under IRC Section 501(c)(3) to a Pickleball Association, determining that its primary activities were recreational and social rather than exclusively charitable or educational. As a result, contributions to the association are not tax-deductible, and it must file federal income tax forms as a non-exempt organization.

PLR 202532016

A Funeral Expense Organization's application for tax-exempt status under IRC Section 501(c)(3) was denied by the IRS because its activities primarily served private interests by providing financial benefits for members' funeral and burial expenses. The organization failed the operational test, which requires activities to be exclusively for exempt purposes, and must now file federal income tax forms for all applicable tax years.

PLR 202532017

The IRS ruled that a community trust and a newly formed corporation will be treated as a single entity under Treas. Reg. §1.170A-9(f)(11), allowing the corporation to be considered a component part of the community trust. This decision ensures that contributions to the corporation are fully deductible under section 170, and the corporation is not required to file a separate Form 990, as it will be included in the community trust's return.

PLR 202533005

The IRS denied tax-exempt status to a farmer's market, concluding that its primary activities served private interests of vendors rather than public charitable purposes. Despite some educational activities, the market's operations were deemed substantially commercial, overshadowing any exempt purposes. See also PLR 202534006 and PLR 202534011 for additional farmer's market denials.

PLR 202533010

The IRS determined that the organization in question does not qualify for tax-exempt status under IRC Section 501(c)(3) because its sole activity was providing scholarships to specifically named individuals, thereby serving private rather than public charitable interests. This operation constitutes a substantial non-exempt purpose, as it benefits a pre-selected group rather than a broad charitable class.

PLR 202534005

A dog training organization was denied tax-exempt status because its primary activities focused on training dogs for competitive events, which did not qualify as educational under IRC Section 501(c)(3). The

IRS concluded that the organization's operations served a substantial non-exempt purpose, precluding exemption.

PLR 202534007

The IRS determined that the organization does not qualify for tax-exempt status under IRC Section 501(c)(3) because its primary activities serve the private interests of its members through bereavement benefits and social events. Significant facts include the organization's focus on member welfare and financial benefits, which are not directed towards a charitable class, and its failure to meet both the organizational and operational tests for exemption.

PLR 202534008

The IRS determined that an organization does not qualify for tax-exempt status under IRC Section 501(c)(3) because it primarily serves the private interests of the employees of a specific company rather than a public interest. The organization's operations were found to be inconsistent with its claimed exempt purpose, as its activities are focused on providing financial assistance to employees during times of crisis, which constitutes a substantial non-exempt purpose.

PLR 202534009

The IRS determined that the organization in question does not qualify for tax-exempt status under IRC Section 501(c)(3) because its primary purpose is to promote, improve, and foster the breeding, registration, and showing of horses, which constitutes substantial non-exempt social and recreational activities. The organization's operations were found to be inconsistent with its claimed exempt purpose, with a significant portion of its activities dedicated to hosting horse shows and providing benefits to its members rather than serving a charitable or educational purpose.

PLR 202534010

The IRS approved of a private foundation's transfer of assets to two newly formed foundations without incurring taxes under sections 507, 4940, 4941, 4944, and 4945. The foundation had complied with expenditure responsibility requirements, and new foundations would not be recognized as disqualified persons. The foundation assured that

the transfers will not jeopardize the foundation's charitable purposes or result in taxable expenditures.

PLR 202535005

The IRS revoked the tax-exempt status of an organization under IRC Section 501(c)(3) due to allowing officers to derive private benefits from the organization's earnings and assets. Important in the decision were the organization's failure to maintain adequate records, issuance of loans to officers without board approval or written agreements, and significant private benefit through luxury vehicle use and unexplained credit card expenses

PLR 202535012

Litigation developments

The US Court of Appeals for the 8th Circuit granted summary judgment for the Mayo Clinic in its case against the U.S. seeking treatment as an educational organization under Internal Revenue Code section 514(c)(9). Such educational organizations are not subject to unrelated business income tax on certain earnings related to debt-financed real property. Mayo Clinic is seeking a refund of unrelated business income tax paid.

Mayo Clinic v. United States No. 23-2246 (8th Cir. 2025)

Legislation developments

On July 4, 2025, President Trump signed into law an Act which is commonly referred to as the "One Big Beautiful Bill Act" or "OBBBA".

The OBBBA introduces new charitable deduction floors for both individuals and corporations, makes the 60% AGI limit for cash contributions to public charities permanent, provides for an above-the-line charitable deduction for non-itemizers, and imposes a new limitation on the value of itemized deductions for top-bracket taxpayers. It also expands the definition of covered employees for the \$1 million deduction limit applicable to excess employee remuneration and modifies the excise tax on investment income of certain colleges and universities. These changes require careful consideration for individual taxpayers, donors, and tax-exempt organizations, as they

alter the landscape for charitable giving and executive compensation in the nonprofit sector.

On September 17, 2025, Sen. Tom Cotton, R-Ark., introduced the Nonprofit Governance Integrity Act, which would prohibit tax-exempt status for organizations determined to be tax-exempt under IRC Sections 501(c)(3), 501(c)(4) or 501(c)(6) that have foreign nationals from China, Iran, North Korea, or Russia as members of its board of directors. Churches and a convention or association of churches would not trigger this rule. At this time, the bill has no cosponsors and potential legislative action on the bill remains unclear.

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