

INSIGHTS

## New Law Repeals Parking Tax for Tax-Exempt Organizations

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Good news for tax-exempt organizations! The “Further Consolidated Appropriations Act, 2020” (H.R. 1865 — 116th Congress (2019-2020)) (the “Act”) signed into law on December 20, 2019, retroactively repealed Section 512(a)(7) of the Internal Revenue Code of 1986, often referred to as the “parking tax.”

Section 512(a)(7) was enacted under the Tax Cuts and Jobs Act of 2017 and generally required tax-exempt organizations to include as unrelated business taxable income amounts paid for employee parking and/or qualified transportation fringe benefits (e.g., transit passes). Section 512(a)(7) was widely criticized not only for the tax and administrative burden it imposed on tax-exempt organizations, but also for its lack of clarity and uncertain application.

Because the Act retroactively repealed Section 512(a)(7), tax-exempt organizations may be entitled to file an amended Internal Revenue Service Form 990-T to claim a refund for any parking taxes paid.

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