

# New Taxes Will Cost Nonprofits Thousands

The 2017 tax law created two new sections of the tax code that will divert charitable resources toward federal coffers instead of community needs.

Nonprofit organizations will now be required to pay a 21% federal tax on the cost of employee transportation benefits and to calculate unrelated income streams in a way that increases tax burden. As policymakers and the nonprofit sector struggled to understand these burdensome and complicated new taxes, Independent Sector partnered with researchers at the Urban Institute and the George Washington University to quantify their impact.



## Taxes Will Increase on Nonprofits

- The new tax on transportation fringe benefits will divert an average of about \$12,000 away from each nonprofit's mission per year.
  - As a percentage of budget size, this tax is a bigger burden to smaller nonprofits.
  - Ten percent of nonprofits surveyed are considering dropping these benefits entirely.
- Requiring nonprofits to report unrelated income streams separately would redirect about \$15,000 per year away from each affected nonprofit's mission.

## Congress Must Repeal

It's time to tell Congress to choose

**#MissionNotTaxes**

Visit [independentsector.org/ubitresearch](https://independentsector.org/ubitresearch) to learn more, download the full report, and contact your members of Congress.

“ The new UBIT provisions will divert significant funding and resources that [we] would otherwise use to provide valuable legal services to low-income and underserved members of our community.”

- SURVEY PARTICIPANT