Definition of and Rationales for Tax-Exempt Organizations

§ 1.2 Definition of Tax-Exempt Organization

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p. 9, note 33, second paragraph. Delete and substitute:

The staff of Congress’s Joint Committee on Taxation, on December 7, 2015, issued its estimates of federal tax expenditures for fiscal years 2015–2019 (JCX-141-15). The income tax charitable contribution deduction is the ninth largest of these expenditures, at $260.1 billion. The charitable deduction tax expenditure is broken down into the categories of education ($35 billion), health ($26.7 billion), and other ($198.4 billion).

The largest of the tax expenditures, ahead of the charitable deduction, are the net exclusion of pension contributions and earnings ($881.5 billion); the exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums ($769.8 billion); the reduced rates of tax on dividends and long-term capital gain ($689.6 billion); deferral of active income of controlled foreign corporations ($563.6 billion); the deduction for mortgage interest on owner-occupied residences ($419.8 billion); the deduction of nonbusiness state and local government income taxes, sales taxes, and personal property taxes ($342.3 billion); the subsidies for insurance purchased through health benefit exchanges ($322.5 billion); and the tax credit for children ($267 billion).