

TAX WATCH

Senator Raises Question About Hospital Exemptions

SEN. Charles E. Grassley, senior Republican on the Senate Finance Committee, raised a question last week about whether tax exemptions for hospitals will still be needed if the nation revamps the health-care system.

"Over the last 40 years, with the creation of federal and state insurance programs such as Medicare and Medicaid, and the growth of private insurance, it has been increasingly difficult to distinguish the activities of for-profit hospitals from the activity of charitable hospitals," Mr. Grassley said at a discussion on health-care issues held by his committee.

If plans by President Obama and Congress to overhaul the country's health-care system wind up giving everyone health insurance, "presumably hospitals should see a steep decline or the elimination of uncompensated care," Mr. Grassley said. If so, the senator asked, "does it make sense to retain tax exemption for hospitals?"

Jonathan Gruber, professor of economics at the Massachusetts Institute of Technology, told Mr. Grassley that he agreed with the "spirit of the question."

But he added: "I will say that there will be, under any reform, some remaining need for uncompensated care. About one-third of uncompensated care today goes actually to the insured who don't pay their co-payments and deductibles. And the number of uninsured is not going to go to zero" under any changes fashioned by Congress and the president.

IRS Seeks Help in Setting Tax-Exempt Priorities

THE Internal Revenue Service is asking charities to recommend the "tax issues" that the government should focus on over the next year as it issues advice to help them understand federal law.

In Notice 2009-43, the IRS said it is seeking suggestions for the annual Guidance Priority List that it uses "to identify and prioritize the tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other administrative guidance."

The IRS said that the Treasury Department and the revenue service "recognize the importance of public input to formulate a Guidance Priority List that focuses resources on guidance items that are most important to taxpayers and tax administration."

The IRS added: "Published guidance plays an important role in increasing voluntary compliance by helping to clarify ambiguous areas of the tax law."

The tax agency's notice is available at <http://www.irs.gov/pub/irs-drop/n-09-43.pdf>.

Write-Offs:

■ The IRS has released the second in a series of tips to help nonprofit organizations prepare their Form 990 informational tax return, the primary document that groups file each year. The second batch of advice explains how to report executive compensation on both the "core form" filed by all organizations and the Schedule J form that some groups must also submit. The IRS redesigned the Form 990 for the 2008 tax year. For more information, go to <http://www.irs.gov/charities/article/0,,id=206636,00.html>.

■ A detailed site map is now available on the Charities and Nonprofits section of the IRS's Web site (<http://www.irs.gov/charities>) to help visitors find information. To get to the map, go to the left navigation bar on the Charities and Nonprofits page and click on EO Site Map. "If you are unable to find the information you need on the site map, or have any suggestions to improve it, please contact us electronically at EO.Web.Comments@irs.gov and enter Site Map in the subject line," the IRS said in an announcement.

—GRANT WILLIAMS