



# TaxNewsFlash

## Exempt Organizations

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## GLAM: Section 4960 excise tax refund claims

The IRS has publicly released a generic legal advice memorandum (GLAM)<sup>1</sup> that addresses refund claims with respect to the excise tax on excess remuneration under section 4960, specifically in cases involving affiliated groups that include both a covered health insurance provider (CHIP) and an applicable tax-exempt organization (ATEO).

The memorandum clarifies that remuneration paid by a tax-exempt organization to its covered employees in excess of the \$500,000 deduction limit under section 162(m)(6) must be taken into account when calculating the section 4960 excise tax. This is because the tax-exempt organization did not claim a deduction for the remuneration, and no deduction was disallowed by reason of section 162(m).

The IRS further concludes that the reasoning in Chief Counsel Advice 201752008 (2017 CCA) is incorrect with respect to its advice regarding whether remuneration allocable to tax-exempt income is taken into account for purposes of allocating the \$500,000 deduction limitation under section 162(m)(6). Moreover, the IRS concludes that the taxpayer's position in its refund claim (based on the 2017 CCA) does not constitute a reasonable, good faith interpretation of section 4960.

Read [GLAM 2026-001](#) (release date of February 13, 2026, and dated January 29, 2026)

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